



**CITY OF CLEVELAND, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2021**



CITY OF CLEVELAND, MISSISSIPPI

TABLE OF CONTENTS

TABLE OF CONTENTS..... 1  
FINANCIAL SECTION ..... 2  
INDEPENDENT AUDITORS’ REPORT ..... 3  
MANAGEMENT’S DISCUSSION AND ANALYSIS ..... 6  
FINANCIAL STATEMENTS ..... 15  
    Statement of Net Position ..... 16  
    Statement of Activities ..... 17  
    Balance Sheet – Governmental Funds ..... 18  
    Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position ..... 20  
    Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds..... 21  
    Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
        Governmental Funds to the Statement of Activities ..... 23  
    Statement of Net Position – Proprietary Funds ..... 24  
    Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds ..... 25  
    Statement of Cash Flows – Proprietary Funds ..... 26  
    Notes to Financial Statements ..... 27  
REQUIRED SUPPLEMENTARY INFORMATION ..... 48  
    Budgetary Comparison Schedule – General Fund..... 49  
    Budgetary Comparison Schedule – Economic Development and Tourism Fund ..... 50  
    Budgetary Comparison Schedule – General Bond and Interest Fund..... 51  
    Budgetary Comparison Schedule – Baxter Bond Fund..... 52  
    Budgetary Comparison Schedule – Public Improvement Bond Fund ..... 53  
    Budgetary Comparison Schedule – Economic Development Revolving Fund ..... 54  
    Budgetary Comparison Schedule – Animal Shelter Fund..... 55  
    Budgetary Comparison Schedule – Airport Improvement Fund ..... 56  
    Budgetary Comparison Schedule – American Rescue Fund..... 57  
    Schedule of City’s Proportionate Share of the Net Pension Liability ..... 58  
    Schedule of City’s Contributions ..... 59  
    Notes to the Required Supplementary Information ..... 60  
SUPPLEMENTARY INFORMATION ..... 64  
    Schedule of Expenditures of Federal Awards..... 65  
    Notes to the Supplementary Information..... 66  
OTHER INFORMATION ..... 67  
    Schedule of Surety Bonds for City Officials ..... 68  
    Schedule of Long-Term Debt..... 69  
STATISTICAL INFORMATION..... 70  
    Governmental Revenues by Source ..... 71  
    Governmental Expenditures by Function..... 72  
    Computation of Legal Debt Margin..... 73  
SPECIAL REPORTS..... 74  
    Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and  
        Other Matters Based on an Audit of the Financial Statements Performed in Accordance  
        with *Government Auditing Standards* ..... 75  
    Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal  
        Control Over Compliance Required by Uniform Guidance..... 77  
    Independent Auditor’s Report on Compliance with State Laws and Regulations ..... 79  
    Limited Internal Control and Compliance Review Management Report ..... 83  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ..... 85

**CITY OF CLEVELAND**

**FINANCIAL SECTION**

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PRIVATE COMPANIES PRACTICE SECTION

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen  
City of Cleveland  
Cleveland, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi, (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no opinion. An audit also includes evaluating the

appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and corresponding notes, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of the City's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of Inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cleveland, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedules in the Other Information section on pages 62 through 66, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The schedules in the Statistical Information section on pages 67 through 71 as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022, our consideration of the City of Cleveland, Mississippi’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cleveland, Mississippi’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City of Cleveland, Mississippi’s internal control over financial reporting and compliance.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

July 15, 2022

**CITY OF CLEVELAND, MISSISSIPPI**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF CLEVELAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

Our discussion and analysis of the City of Cleveland's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. Readers should also review the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

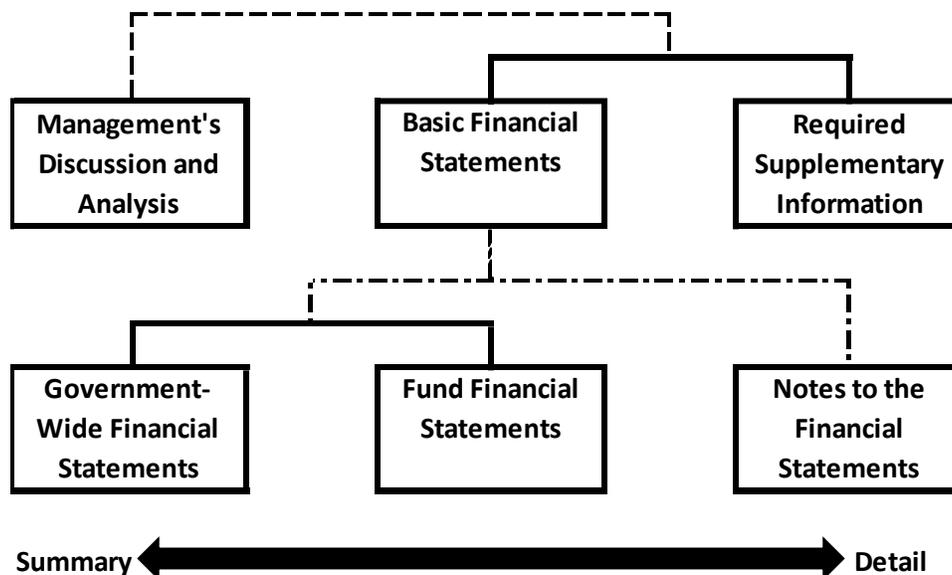
**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$28,185,435 (net position), this amount represents an increase of \$3,178,852, including a prior period adjustment of \$71,342, from fiscal year 2020. Of this amount the unrestricted net position showed a deficit balance of (\$10,561,843).
- Total assets increased \$4,901,218 from 2020.
- Total liabilities decreased \$4,330,875 from 2020.
- The City had \$22,993,168 in total revenues. Property tax revenues account for \$5,398,522 or 23 percent of total revenues. Sales and tourism taxes account for \$4,848,579 or 21 percent of total revenues. Charges for services account for \$6,507,536 or 28 percent of total revenues. The remainder of revenue is from federal and state grants, franchise taxes, and other sources and accounts for \$6,238,531 or 27 percent of total revenues.
- The City had \$19,885,648 in total expenses which represents an decrease of \$2,580,605 or 11 percent over the prior fiscal year. Expenses of \$10,101,672 were offset by grants and charges for services. General revenues of \$9,783,476 were adequate to provide for the remainder of the expenses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Cleveland, Mississippi's basic financial statements which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information in addition to the basic financial statements themselves.

**Figure 1: Required Components of the City's Annual Report** – This figure shows how required parts of this annual report are arranged and relate to one another.



**CITY OF CLEVELAND, MISSISSIPPI  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

**Figure 2: Major Features of the City’s Government-Wide and Fund Financial Statements** – This figure summarizes the major features of the City’s financial statements, including the portion of the City’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements.

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Scope</b>	Entire City government (except fiduciary funds)	All activities of the City that are not business-type or fiduciary in nature	Activities of the City that operate similar to private businesses
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of Asset, Deferred Outflow, Liability, and Deferred Inflow information</b>	All assets, deferred outflows, liabilities, and deferred inflows; both financial and capital and short and long term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, and short and long term
<b>Type of Inflow/ Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**CITY OF CLEVELAND, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2021**

**Government-wide Financial Statements.** The government-wide financial statements presented on pages 16 through 17 are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cleveland, Mississippi is improving or deteriorating.

The **Statement of Activities** presents information showing the government's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City of Cleveland, Mississippi that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities).

The government activities of the City include general government, public safety, public works, highways and streets, health and sanitation, culture and recreation, economic development, interest and pension expense.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cleveland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as, on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Cleveland maintains 21 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Economic Development and Tourism Fund, General Bond and Interest Fund, Baxter Bond Fund, Public Improvement Bond Fund, Economic Development Revolving Fund, Animal Shelter Fund, Airport Improvement Fund and the American Rescue Act Plan Fund, all of which are considered to be major funds. All other funds are considered non-major and are presented in a single column. The governmental fund financial statements are presented on pages 18 through 23.

**CITY OF CLEVELAND, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2021**

The City of Cleveland adopts an annual budget. A budgetary comparison schedules have been provided on pages 49 through 57 for the General Fund and the major special revenue funds to demonstrate compliance with this budget.

**Proprietary Funds.** The City maintains two types of proprietary funds – an enterprise fund and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for water and sewer, and sanitation operations. These funds are financed primarily through user fees. The internal service fund accounts for the accumulation of amounts used to pay health insurance claims and life insurance premiums for City employees.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements are presented on pages 24 through 26.

**Notes to the financial statements.** The notes, presented on pages 27 through 47, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's budget process and pension standards, as well as the notes to the Required Supplementary Information, on pages 60 through 63.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, the assets and deferred outflows of the City of Cleveland exceeded liabilities and deferred inflows by \$28,185,435.

By far the largest portion of the City of Cleveland's net position (\$31,141,790 or 110%) reflects its investment in capital assets (land, buildings, machinery and equipment, etc.) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF CLEVELAND, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2021**

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2021.

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	Percentage Change
	2021	2020	2021	2020	2021	2020		
<b>Assets</b>								
Current and other assets	\$ 19,123,659	18,222,570	1,075,645	760,557	20,199,304	18,983,127	1,216,177	6.41%
Capital assets, net	39,624,447	35,730,139	16,286,898	16,496,165	55,911,345	52,226,304	3,685,041	7.06%
Total Assets	58,748,106	53,952,709	17,362,543	17,256,722	76,110,649	71,209,431	4,901,218	6.88%
<b>Deferred Outflows</b>	1,262,558	1,271,325	76,884	77,422	1,339,442	1,348,747	(9,305)	-0.69%
<b>Liabilities</b>								
Current & other liabilities	587,363	1,217,903	2,315,462	423,012	2,902,825	1,640,915	1,261,910	76.90%
Net pension liability	10,964,510	14,744,089	667,689	897,849	11,632,199	15,641,938	(4,009,739)	-25.63%
Long-term debt	12,535,240	12,335,259	11,539,983	13,323,010	24,075,223	25,658,269	(1,583,046)	-6.17%
Total Liabilities	24,087,113	28,297,251	14,523,134	14,643,871	38,610,247	42,941,122	(4,330,875)	-10.09%
<b>Deferred Inflows</b>	10,435,819	5,506,763	218,590	1,559	10,654,409	5,508,322	5,146,087	93.42%
<b>Net Position</b>								
Invested in capital assets, net of related debt	27,266,316	23,587,683	3,875,474	4,084,741	31,141,790	27,672,424	3,469,366	12.54%
Restricted	7,328,139	7,893,867	277,349	168,163	7,605,488	8,062,030	(456,542)	-5.66%
Unrestricted	(9,106,723)	(10,061,530)	(1,455,120)	(666,341)	(10,561,843)	(10,727,871)	166,028	-1.55%
Total Net Position	\$ 25,487,732	21,420,020	2,697,703	3,586,563	28,185,435	25,006,583	3,178,852	12.71%

The City's total assets increased \$4,901,218 during 2021 with business-type activities showing an increase of \$105,821 and governmental activities showing an increase of \$4,795,397.

The City's total liabilities decreased \$4,330,875 during 2021 with business-type activities showing a decrease of \$120,737 and governmental activities showing a decrease of \$4,210,138.

The City's net position increased \$3,178,852 for the year ended September 30, 2021.

**Additional information on unrestricted net position:**

In connection with the standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (10,561,843)
Less: unrestricted deficit in net position resulting from recognition of GASB 68 & 71	14,100,951
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 3,539,108</u>

**CITY OF CLEVELAND, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2021**

The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2021.

	Governmental Activities		Business-type Activities		Totals		Increase (Decrease)	Percentage Change
	2021	2020	2021	2020	2021	2020		
<b>Program Revenues:</b>								
Charges for services	\$ 1,224,527	1,044,149	5,283,009	4,860,932	6,507,536	5,905,081	602,455	10.20%
Grants and contributions	3,257,720	2,497,831	336,416		3,594,136	2,497,831	1,096,305	43.89%
<b>General Revenues:</b>								
Property taxes	5,398,522	5,155,750			5,398,522	5,155,750	242,772	4.71%
Sales and tourism taxes	4,848,579	5,108,894			4,848,579	5,108,894	(260,315)	-5.10%
Other taxes and other	2,640,677	2,368,619	3,718	7,761	2,644,395	2,376,380	268,015	11.28%
<b>Total Revenues</b>	<b>17,370,025</b>	<b>16,175,243</b>	<b>5,623,143</b>	<b>4,868,693</b>	<b>22,993,168</b>	<b>21,043,936</b>	<b>1,949,232</b>	<b>9.26%</b>
<b>Program Expenses:</b>								
General government	2,943,433	1,893,616			2,943,433	1,893,616	1,049,817	55.44%
Public safety	4,062,186	4,086,244			4,062,186	4,086,244	(24,058)	-0.59%
Public works	18,387	2,178,251			18,387	2,178,251	(2,159,864)	-99.16%
Highways and streets	1,937,469	1,934,826			1,937,469	1,934,826	2,643	0.14%
Health and sanitation	70,634	749,970			70,634	749,970	(679,336)	-90.58%
Culture and recreation	1,760,836	950,064			1,760,836	950,064	810,772	85.34%
Economic development	1,701,587	2,976,148			1,701,587	2,976,148	(1,274,561)	-42.83%
Interest on long-term debt	335,959	275,018			335,959	275,018	60,941	22.16%
Pension expense	643,164	1,639,958		99,866	643,164	1,739,824	(1,096,660)	-63.03%
Water and sewer			5,583,827	4,650,329	5,583,827	4,650,329	933,498	20.07%
Sanitation			828,176	1,031,973	828,176	1,031,973	(203,797)	-19.75%
<b>Total Expenses</b>	<b>13,473,655</b>	<b>16,684,095</b>	<b>6,412,003</b>	<b>5,782,168</b>	<b>19,885,658</b>	<b>22,466,263</b>	<b>(2,580,605)</b>	<b>-11.49%</b>
<b>Transfers:</b>								
Operating transfers in	100,000	100,000		851,403	100,000	951,403	(851,403)	N/A
Operating transfers out			(100,000)	(951,403)	(100,000)	(951,403)	851,403	N/A
<b>Total transfers</b>	<b>100,000</b>	<b>100,000</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 3,996,370</b>	<b>(408,852)</b>	<b>(888,860)</b>	<b>(1,013,475)</b>	<b>3,107,510</b>	<b>(1,422,327)</b>	<b>4,529,837</b>	<b>318.48%</b>

The City's governmental activities continue to be funded by sources other than property taxes, which comprise 23% of the total revenues. The other major revenue sources were sales and tourism taxes 21%, charges for services 28%, and grants and contributions 16%. The major expense activities were public safety, general government, pension expense, highways and streets, public works, and economic development which comprise 30%, 22%, 5%, 14%, 1%, and 13% of total expenses, respectively.

Business-type activities are accounted for similar to businesses and are primarily supported by user fees. The City makes every effort to keep these fees as low as possible.

**FUND FINANCIAL ANALYSIS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of governmental fund reporting is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF CLEVELAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

As the year ended, the City's governmental funds reported a combined fund balance of \$11,240,717, an increase of \$218,998.

Governmental funds meeting the requirements for being reported as major funds include the General Fund, Economic Development and Tourism Fund, General Bond and Interest Fund, Baxter Bond Fund, Public Improvement Bond Fund, Economic Development Revolving Fund, Animal Shelter Fund, Airport Improvement Fund and American Rescue Plan Act Fund. Remaining governmental funds were combined and reported as non-major governmental funds.

**Major Fund Budgeting Highlights**

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. One of the most significant budgeted funds is the General Fund.

During the course of 2021, the City amended its General Fund budget. All recommendations for budget changes come from the City Clerk and are presented to the Mayor and Board of Aldermen for ordinance enactment on the change. The City does not allow budget changes that modify line items with departments without board approval. With the General Fund supporting many of the major activities such as the police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At September 30, 2021, the City had \$54,226,304 invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreation facilities, streets, bridges, and water and sewer lines. This amount represents a net increase (including additions and deductions) of approximately \$1,185,041 from 2020.

The following is a summary of changes in capital assets as of September 30, 2021:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>Increase (Decrease)</u>	<u>Percentage Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		
Land	\$ 4,605,367	4,605,367	1,259,935	1,259,935	5,865,302	5,865,302	-	0.00%
Construction in progress	5,323,151	5,116,571	317,977	11,414	5,641,128	5,127,985	513,143	10.01%
Infrastructure	21,086,556	18,862,602	14,211,675	14,840,905	35,298,231	33,703,507	1,594,724	4.73%
Buildings and improvements	6,416,201	6,839,146	76,175	82,215	6,492,376	6,921,361	(428,985)	-6.20%
Equipment and fixtures	1,693,172	2,306,453	421,136	301,696	2,114,308	2,608,149	(493,841)	-18.93%
Totals	\$ <u>39,124,447</u>	<u>37,730,139</u>	<u>16,286,898</u>	<u>16,496,165</u>	<u>55,411,345</u>	<u>54,226,304</u>	<u>1,185,041</u>	<u>2.19%</u>

**CITY OF CLEVELAND, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

**Long-term Debt**

The following table illustrates the total Long-term Debt of the City as of September 30, 2021:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>Increase (Decrease)</u>	<u>Percentage Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		
General obligation bonds	\$ 10,365,000	10,010,000			10,365,000	10,010,000	355,000	3.55%
Add: Premiums	2,765	1,613			2,765	1,613	1,152	N/A
Special obligation bonds	1,831,685		1,825,000	2,000,000				
Other loans		1,890,000	7,514,024	8,221,849	7,514,024	10,111,849	(2,597,825)	-25.69%
Capital leases	187,694	240,843	2,189,675	2,189,675	2,377,369	2,430,518	(53,149)	-2.19%
Compensated absences	177,108	192,803	11,285	12,285	188,393	205,088	(16,695)	-8.14%
<b>Totals</b>	<b>\$ 12,564,252</b>	<b>12,335,259</b>	<b>11,539,984</b>	<b>12,423,809</b>	<b>20,447,551</b>	<b>22,759,068</b>	<b>(2,311,517)</b>	<b>-10.16%</b>

More detailed information about the City's long-term liabilities is presented in Note 13 of the Notes to Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities. The total property tax millage rate of 52 mills is expected for the following year.

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide the citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Chief Administrative Officer or City Clerk, at 100 North Street or P. O. Box 1439, Cleveland, MS 38732.

**CITY OF CLEVELAND, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

	<u>Primary Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,372,333	149,571	5,521,904
Accounts receivable		468,086	468,086
Accrued interest receivable	18,584		18,584
Property tax receivable	5,461,084		5,461,084
Lease receivable	101,537		101,537
Franchise fees receivable	155,117		155,117
Intergovernmental receivable	3,054,783	336,416	3,391,199
Internal balances	1,805,422	(1,805,422)	-
Inventory	64,593	121,572	186,165
Restricted assets:			
Cash and cash equivalents	3,090,206		3,090,206
Capital assets, net			
Land and construction in progress	10,105,619	1,577,912	11,683,531
Other capital assets, net	29,518,828	14,708,986	44,227,814
<b>Total Assets</b>	<u>58,748,106</u>	<u>15,557,121</u>	<u>74,305,227</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,262,558	76,884	1,339,442
<b>Total Deferred Outflows of Resources</b>	<u>1,262,558</u>	<u>76,884</u>	<u>1,339,442</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	183,411	131,177	314,588
Intergovernmental payables	107,203		107,203
Claims and judgments payable	88,919		88,919
Amounts held in custody	148,032		148,032
Accrued interest payable	59,798	12,209	72,007
Liabilities payable from restricted assets-Customer deposits		366,654	366,654
Long-term liabilities:			
Net pension liability	10,964,510	667,689	11,632,199
Due within one year:			
Capital related debt	1,548,425	901,091	2,449,516
Due in more than one year:			
Capital related debt	10,809,706	10,627,608	21,437,314
Non-capital related debt	177,109	11,284	188,393
<b>Total Liabilities</b>	<u>24,087,113</u>	<u>12,717,712</u>	<u>36,804,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	3,589,604	218,590	3,808,194
Property tax for future reporting period	5,461,084		5,461,084
Unearned revenue- federal grant	1,361,122		1,361,122
Unavailable revenue-interest on capital lease	24,009		24,009
<b>Total Deferred Inflows of Resources</b>	<u>10,435,819</u>	<u>218,590</u>	<u>10,654,409</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,266,316	3,875,474	31,141,790
Restricted:			
Public works		277,349	277,349
Health and sanitation	1,250,672		1,250,672
Culture and recreation	196,454		196,454
Economic development	2,575,093		2,575,093
Debt service	412,311		412,311
Capital projects	2,893,609		2,893,609
Unrestricted	(9,106,723)	(1,455,120)	(10,561,843)
<b>Total Net Position</b>	<u>\$ 25,487,732</u>	<u>2,697,703</u>	<u>28,185,435</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
General government	\$ 2,943,433	175,118	11,599	(2,756,716)		(2,756,716)
Public safety	4,062,186	152,387		(3,909,799)		(3,909,799)
Public works	18,387	262,686	972,919	1,217,218		1,217,218
Highways and streets	1,937,469		2,263,784	326,315		326,315
Health and sanitation	70,634	528,548	9,418	467,332		467,332
Culture and recreation	1,760,836	105,788		(1,655,048)		(1,655,048)
Economic development	1,701,587			(1,701,587)		(1,701,587)
Interest on long-term debt	335,959			(335,959)		(335,959)
Pension expense	643,164			(643,164)		(643,164)
<b>Total governmental activities</b>	<b>13,473,655</b>	<b>1,224,527</b>	<b>3,257,720</b>	<b>(8,991,408)</b>		<b>(8,991,408)</b>
<b>Business-type activities:</b>						
Water and sewer	4,751,763	4,047,237	336,416		(368,110)	(368,110)
Sanitation	828,176	1,235,772			407,596	407,596
<b>Total business-type activities</b>	<b>5,579,939</b>	<b>5,283,009</b>	<b>336,416</b>		<b>39,486</b>	<b>39,486</b>
<b>Total primary government</b>	<b>\$ 19,053,594</b>	<b>6,507,536</b>	<b>3,594,136</b>	<b>(8,991,408)</b>	<b>39,486</b>	<b>(8,951,922)</b>
<b>General revenues:</b>						
Property taxes				\$ 5,398,522		5,398,522
Sales and tourism tax				4,848,579		4,848,579
Franchise taxes				519,781		519,781
Other taxes				815,650		815,650
Administrative charges				739,914	(739,914)	-
Unrestricted interest income				98,613	3,718	102,331
Donations				30,725		30,725
Other income				547,955		547,955
Internal service fund				(7,055)		(7,055)
Gain (Loss) on sale of capital assets				(104,906)	(92,150)	(197,056)
Transfers				100,000	(100,000)	-
Total general revenues and transfers				<u>12,987,778</u>	<u>(928,346)</u>	<u>12,059,432</u>
<b>Change in net position</b>				<u>3,996,370</u>	<u>(888,860)</u>	<u>3,107,510</u>
Net Position-Beginning, as previously stated				21,420,020	3,586,563	25,006,583
Prior Period Adjustments				<u>71,342</u>		<u>71,342</u>
Net Position - beginning, as restated				<u>21,491,362</u>	<u>3,586,563</u>	<u>25,077,925</u>
<b>Net Position, ending</b>				<u>\$ 25,487,732</u>	<u>2,697,703</u>	<u>28,185,435</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**September 30, 2021**

	Major Funds				
	General Fund	Economic Development and Tourism Fund	General Bond and Interest Fund	Baxter Bond Fund	Public Improvement Bond Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,025,134				
Receivables:					
Property taxes	3,526,622		1,603,010		
Franchise fee	155,117				
Intergovernmental	622,275	62,795	85,896		2,146,305
Due from other funds					
Advances to other funds	989,000				
Lease receivable, current				101,537	
Inventory	64,593				
Restricted assets - cash		383,071	380,232	5,981	747,304
<b>Total Assets</b>	<u>7,382,741</u>	<u>445,866</u>	<u>2,069,138</u>	<u>107,518</u>	<u>2,893,609</u>
<b>LIABILITIES</b>					
Accounts payable	75,366	42,273			
Intergovernmental Payables					
Advances from other funds	83,578	109,623			
Amounts held in custody for others					
<b>Total Liabilities</b>	<u>158,944</u>	<u>151,896</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-property taxes	3,526,622		1,603,010		
Unavailable revenue-lease payments				101,537	
Unearned revenue-federal grant					
<b>Total Deferred Inflows of Resources</b>	<u>3,526,622</u>	<u>-</u>	<u>1,603,010</u>	<u>101,537</u>	<u>-</u>
<b>FUND BALANCES</b>					
Non-spendable:					
Inventories	64,593				
Advances	989,000				
Restricted for:					
Economic development		293,970			
Culture and recreation					
Debt service			466,128	5,981	
Health and sanitation					
Capital improvement					2,893,609
Unassigned	2,643,582				
<b>Total Fund Balances</b>	<u>3,697,175</u>	<u>293,970</u>	<u>466,128</u>	<u>5,981</u>	<u>2,893,609</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 7,382,741</u>	<u>445,866</u>	<u>2,069,138</u>	<u>107,518</u>	<u>2,893,609</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**September 30, 2021**

	Major Funds					Total Governmental Funds
	Economic Development Revolving Fund	Animal Shelter Fund	Airport Improvement Fund	American Rescue Plan Act	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$	1,039,796	15,872	1,364,586	424,976	4,870,364
Receivables:						
Property taxes					331,452	5,461,084
Franchise fee						155,117
Intergovernmental			131,951		5,301	3,054,523
Due from other funds	900,000					900,000
Advances to other funds	279,718					1,268,718
Lease receivable, current						101,537
Inventory						64,593
Restricted assets - cash	1,068,929				504,689	3,090,206
<b>Total Assets</b>	<u>2,248,647</u>	<u>1,039,796</u>	<u>147,823</u>	<u>1,364,586</u>	<u>1,266,418</u>	<u>18,966,142</u>
<b>LIABILITIES</b>						
Accounts payable		33,179	24,313		8,020	183,151
Intergovernmental Payables					107,203	107,203
Advances from other funds			170,095			363,296
Amounts held in custody for others					148,032	148,032
<b>Total Liabilities</b>	<u>-</u>	<u>33,179</u>	<u>194,408</u>	<u>-</u>	<u>263,255</u>	<u>801,682</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue-property taxes					331,452	5,461,084
Unavailable revenue-lease payments						101,537
Unearned revenue-federal grant				1,361,122		1,361,122
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,122</u>	<u>331,452</u>	<u>6,923,743</u>
<b>FUND BALANCES</b>						
Non-spendable:						
Inventories						64,593
Advances	279,718					1,268,718
Restricted for:						
Economic development	1,968,929			3,464	231,202	2,497,565
Culture and recreation					196,454	196,454
Debt service						472,109
Health and sanitation		1,006,617			244,055	1,250,672
Capital improvement						2,893,609
Unassigned			(46,585)			2,596,997
<b>Total Fund Balances</b>	<u>2,248,647</u>	<u>1,006,617</u>	<u>(46,585)</u>	<u>3,464</u>	<u>671,711</u>	<u>11,240,717</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 2,248,647</u>	<u>1,039,796</u>	<u>147,823</u>	<u>1,364,586</u>	<u>1,266,418</u>	<u>18,966,142</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2021**

	Amount
Total fund balance - Governmental Funds	\$ 11,240,717
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$24,419,022.	39,624,447
Accrued interest receivable is not available in the current period and, therefore, is not reported in the funds.	18,584
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	77,528
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(12,535,240)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(59,798)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,964,510)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	1,262,558
Deferred inflows of resources related to pensions	(3,589,604)
Internal service fund is used by management to administer health care coverage for employees. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.	413,050
Total Net Position - Governmental Activities	\$ 25,487,732

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	Major Funds				
	General Fund	Economic Development and Tourism Fund	General Bond and Interest Fund	Baxter Bond Fund	Public Improvement Bond Fund
<b>REVENUES:</b>					
Taxes	\$ 3,212,268		1,666,147		
Licenses and permits	104,752				
Intergovernmental:					
Federal grants	131,100				2,263,784
State of Mississippi:					
Grants	427,940				
General sales tax	3,785,011				
Tourism tax		1,063,568			
Liquor Licenses	16,315				
Homestead reimbursement	117,008		56,617		
Grand gulf	117,607				
Bolivar County:					
Road maintenance	440,721				
Privilege tax	52,284				
Animal shelter	31,670				
Charges for services	674,369				
Franchise tax	508,802				
Fines and forfeitures	140,722				
Interest income	21,623	1,736	3,082	22,046	10,480
Plant and airport rentals					
Donations		27,848			
Miscellaneous	459,618	8,769			54,110
Total revenues:	<u>10,241,810</u>	<u>1,101,921</u>	<u>1,725,846</u>	<u>22,046</u>	<u>2,328,374</u>
<b>EXPENDITURES:</b>					
General government	2,958,879		30,965		34,770
Public safety	4,244,323				652,602
Public works	391,468				2,675,833
Highways and streets	1,363,046				
Health and sanitation	445,860				
Culture and recreation					859,601
Economic development	596,590	1,027,659			
Debt service:					
Principal paid	74,697		1,550,000	95,000	
Interest & fees paid	7,827		212,692	5,850	
Total expenditures	<u>10,082,690</u>	<u>1,027,659</u>	<u>1,793,657</u>	<u>100,850</u>	<u>4,222,806</u>
Excess of Revenues over (under) Expenditures	<u>159,120</u>	<u>74,262</u>	<u>(67,811)</u>	<u>(78,804)</u>	<u>(1,894,432)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Administrative charge revenue	739,914				
Long-term capital debt issued					2,000,000
Lease principal payments				77,528	
Transfers in				4,314	350,000
Transfers out	(425,000)				
Net other financing sources (uses)	<u>314,914</u>	<u>-</u>	<u>-</u>	<u>81,842</u>	<u>2,350,000</u>
Net change in fund balances	<u>474,034</u>	<u>74,262</u>	<u>(67,811)</u>	<u>3,038</u>	<u>455,568</u>
Fund balances , beginning as previously reported	3,167,478	329,331	533,939	2,943	2,438,041
Prior period adjustment	72,901				
Fund reclassification		(109,623)			
Fund balances , beginning as restated	<u>3,240,379</u>	<u>219,708</u>	<u>533,939</u>	<u>2,943</u>	<u>2,438,041</u>
Increase (decrease) in reserve for inventory	<u>(17,238)</u>				
<b>Fund balance, ending</b>	<u>\$ 3,697,175</u>	<u>293,970</u>	<u>466,128</u>	<u>5,981</u>	<u>2,893,609</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	Economic Development Revolving Fund	Animal Shelter Fund	Airport Improvement Fund	American Rescue Plan Act		
<b>REVENUES:</b>						
Taxes	\$				520,107	5,398,522
Licenses and permits						104,752
Intergovernmental:						
Federal grants			66,244		9,418	2,470,546
State of Mississippi:						
Grants					359,234	787,174
General sales tax						3,785,011
Tourism tax						1,063,568
Liquor Licenses						16,315
Homestead reimbursement					15,098	188,723
Grand gulf						117,607
Bolivar County:						
Road maintenance						440,721
Privilege tax						52,284
Animal shelter		87,500				119,170
Charges for services		7,414			105,788	787,571
Franchise tax					10,979	519,781
Fines and forfeitures						140,722
Interest income	13,449	10,997	1,688	3,464	9,681	98,246
Plant and airport rentals			72,312			72,312
Donations		2,877				30,725
Miscellaneous			6,169		19,289	547,955
Total revenues:	<u>13,449</u>	<u>108,788</u>	<u>146,413</u>	<u>3,464</u>	<u>1,049,594</u>	<u>16,741,705</u>
<b>EXPENDITURES:</b>						
General government					8,372	3,032,986
Public safety					93,076	4,990,001
Public works			343,058			3,410,359
Highways and streets		691,318				2,054,364
Health and sanitation					545	446,405
Culture and recreation					914,083	1,773,684
Economic development					10,109	1,634,358
Debt service:						
Principal paid		6,062			58,315	1,784,074
Interest & fees paid		362			122,850	349,581
Total expenditures	<u>-</u>	<u>697,742</u>	<u>343,058</u>	<u>-</u>	<u>1,207,350</u>	<u>19,475,812</u>
Excess of Revenues over (under) Expenditures	<u>13,449</u>	<u>(588,954)</u>	<u>(196,645)</u>	<u>3,464</u>	<u>(157,756)</u>	<u>(2,734,107)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Administrative charge revenue						739,914
Long-term capital debt issued						2,000,000
Lease principal payments						77,528
Transfers in		100,000			405,000	859,314
Transfers out	(104,314)				(250,000)	(779,314)
Net other financing sources (uses)	<u>(104,314)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>155,000</u>	<u>2,897,442</u>
Net change in fund balances	<u>(90,865)</u>	<u>(488,954)</u>	<u>(196,645)</u>	<u>3,464</u>	<u>(2,756)</u>	<u>163,335</u>
Fund balances , beginning as previously reported	2,339,512	1,495,571	150,060	-	564,844	11,021,719
Prior period adjustment						72,901
Fund reclassification					109,623	-
Fund balances , beginning as restated	<u>2,339,512</u>	<u>1,495,571</u>	<u>150,060</u>	<u>-</u>	<u>674,467</u>	<u>11,094,620</u>
Increase (decrease) in reserve for inventory						(17,238)
<b>Fund balance, ending</b>	<u>\$ 2,248,647</u>	<u>1,006,617</u>	<u>(46,585)</u>	<u>3,464</u>	<u>671,711</u>	<u>11,240,717</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 163,335
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$5,691,434 exceeded depreciation of \$1,692,220 in the current period.	3,999,214
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net loss of \$104,906 on the disposal of capital assets.	(104,906)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$2,000,000 exceeded debt repayments of \$1,784,074.	(215,926)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Principal payments received on capital leases receivable	(77,528)
Change in compensated absences	15,694
Change in accrued interest payable	13,371
Change in accrued interest receivable	367
Change in bond premium	251
	(47,845)
Items reported in the Statement of Activities relating to pensions are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(643,164)
Recognition of contributions made	849,955
An internal service fund is used by management to account for employee health insurance. The net revenue is reported within governmental activities.	12,945
Change in inventory	(17,238)
Change in Net Position of Governmental Activities	\$ 3,996,370

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**September 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Enterprise Funds Total	Activities Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,150	144,421	149,571	501,969
Accounts receivable (net of allowance for uncollectibles of \$258,045)	270,563	197,523	468,086	
Advances to other funds	83,578		83,578	
Intergovernmental receivables	336,416		336,416	
Inventory	118,482	3,090	121,572	
Total Current Assets	<u>814,189</u>	<u>345,034</u>	<u>1,159,223</u>	<u>501,969</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	1,577,912		1,577,912	
Other capital assets, net	14,708,986		14,708,986	
Total Non-Current Assets	<u>16,286,898</u>	<u>-</u>	<u>16,286,898</u>	<u>-</u>
<b>Total Assets</b>	<u>17,101,087</u>	<u>345,034</u>	<u>17,446,121</u>	<u>501,969</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	70,455	6,429	76,884	
<b>Total Deferred Outflows of Resources</b>	<u>70,455</u>	<u>6,429</u>	<u>76,884</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued expenses	131,177		131,177	88,819
Due to other funds	900,000		900,000	
Advances from other funds	989,000		989,000	
Accrued interest payable	12,209		12,209	
Capital debt:				
Current portion long-term debt	901,091		901,091	
Total Current Liabilities	<u>2,933,477</u>	<u>-</u>	<u>2,933,477</u>	<u>88,819</u>
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	366,654		366,654	
Net pension liability	611,854	55,835	667,689	
Capital debt:				
Long-term debt	10,627,608		10,627,608	
Non-capital debt:				
Compensated absences	11,284		11,284	
Total Non-Current Liabilities	<u>11,617,400</u>	<u>55,835</u>	<u>11,673,235</u>	<u>-</u>
<b>Total Liabilities</b>	<u>14,550,877</u>	<u>55,835</u>	<u>14,606,712</u>	<u>88,819</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	200,311	18,279	218,590	
<b>Total Deferred Inflows of Resources</b>	<u>200,311</u>	<u>18,279</u>	<u>218,590</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,875,474		3,875,474	-
Restricted:				
Public works		277,349	277,349	
Unrestricted	(1,455,120)		(1,455,120)	413,150
<b>Total Net Position</b>	<u>\$ 2,420,354</u>	<u>277,349</u>	<u>2,697,703</u>	<u>413,150</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Enterprise Funds Total	Activity Internal Service Fund
<b>OPERATING REVENUES:</b>				
Charges for services:				
Water sales	\$ 1,614,195		1,614,195	
Sewer sales	2,195,800		2,195,800	
Sanitation fees		1,211,279	1,211,279	
Premiums				944,239
Reinsurance reimbursement				66,697
Federal grants	336,416		336,416	
Other Fees	237,245	24,493	261,738	
<b>Total Operating Revenues</b>	<u>4,383,656</u>	<u>1,235,772</u>	<u>5,619,428</u>	<u>1,010,936</u>
<b>OPERATING EXPENSES:</b>				
Personal services	365,038	31,875	396,913	
Contractual services	3,321,128	791,679	4,112,807	
Consumable supplies	190,241	1,346	191,587	
Depreciation expense	674,530		674,530	
Pension expense	35,891	3,275	39,166	
Administrative fees	539,914	200,000	739,914	204,114
Health claim payments				518,332
Reinsurance premiums				290,861
Life insurance premiums				9,478
<b>Total Operating Expenses</b>	<u>5,126,742</u>	<u>1,028,175</u>	<u>6,154,917</u>	<u>1,022,785</u>
<b>Operating Income (Loss)</b>	<u>(743,086)</u>	<u>207,597</u>	<u>(535,489)</u>	<u>(11,849)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	2,129	1,589	3,718	4,894
Interest expenses	(164,939)		(164,939)	
Loss on disposal of equipment	(92,150)		(92,150)	
<b>Total Non-operating Revenues (Expenses)</b>	<u>(254,960)</u>	<u>1,589</u>	<u>(253,371)</u>	<u>4,894</u>
<b>Net Income (Loss) Before Operating Transfers</b>	<u>(998,046)</u>	<u>209,186</u>	<u>(788,860)</u>	<u>(6,955)</u>
<b>OPERATING TRANSFERS:</b>				
Operating Transfers in			-	20,000
Operating Transfers out		(100,000)	(100,000)	
<b>Net Operating Transfers</b>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>20,000</u>
<b>Change in Net Position</b>	<u>(998,046)</u>	<u>109,186</u>	<u>(888,860)</u>	<u>13,045</u>
<b>Net Position - Beginning</b>	3,418,400	168,163	3,586,563	400,105
<b>Net Position - Ending</b>	<u>\$ 2,420,354</u>	<u>277,349</u>	<u>2,697,703</u>	<u>413,150</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
For the Year Ended September 30, 2021

	Business-Type Activities		Governmental
	Enterprise Fund Water & Sewer Fund	Non-Major Sanitation Fund	Activity Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers and users	\$ 4,047,237		1,009,786
Receipts from government	1,197,040		
Receipts from internal services		1,126,903	
Payments to employees for services	(365,037)	(31,875)	
Payments to suppliers for goods and services	(3,655,047)	(793,031)	
Payments for administrative fees	(539,914)	(200,000)	(204,114)
Payments for health claims			(518,332)
Payments for premiums			(300,339)
<b>Net Cash Provided (Used) by Operating Activities</b>	684,279	101,997	(12,999)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating transfers, net		(100,000)	20,000
Other receipts	2,129	1,589	4,894
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	2,129	(98,411)	24,894
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of property and equipment	(549,650)		
Additions to long-term debt			
Principal payments on long-term debt	(882,725)		
Interest paid on bonds, loans and capital leases	(172,703)		
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	(1,605,078)	-	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(918,670)	3,586	11,895
<b>Cash and Cash Equivalents, October 1</b>	923,820	140,836	490,074
Adjustment to beginning of year cash due to prior period adjustment			
<b>Cash and Cash Equivalents, September 30</b>	\$ 5,150	144,422	501,969
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (743,086)	207,597	(11,849)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	674,530		
(Increase) decrease in accounts receivable	90,713	(107,787)	
(Increase) decrease in intergovernmental receivable	(336,416)	1,893	
(Increase) decrease in inventories	25,501	1,346	
(Increase) decrease in deferred outflows of resources	490	48	
Increase (decrease) in accounts payable and accrued expenses	82,255		(1,150)
Increase (decrease) in due to other funds	900,000		
Increase (decrease) in accrued interest payable	(7,764)		
Increase (decrease) in customer deposits	12,537		
Increase (decrease) in compensated absences	(2,453)		
Increase (decrease) in net pension liability	(210,911)	(19,248)	
Increase (decrease) in deferred inflows of resources	198,883	18,148	
Total adjustments	1,427,365	(105,600)	(1,150)
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ 684,279	101,997	(12,999)

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Cleveland, Mississippi (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity** – The City of Cleveland is located in Bolivar County, Mississippi, and operates under an elected Mayor-Board of Aldermen form of government. The City provides the following services to the citizenry: general administration; police and fire protection; street repair; economic and community development; water, sanitary sewer, and garbage disposal; parks and library services. The primary sources of revenues are property taxes, sales taxes, and utility billings. For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing board. As required by generally accepted accounting principles, various criteria are applied in order to determine any component units that should be reported as part of the City. Such criteria include management oversight responsibility by the elected officials such as decision-making authority, accountability to the City, legal and financial responsibility, and inter-agency relationships. Based upon the application of these criteria, there are no component units required by GAAP to be reported as part of the reporting entity of the City. The following represents an entity to which the City has a combined interest in conjunction with another government:

Robinson Carpenter Memorial Library - The City has a joint interest with Bolivar County, which is the primary oversight agency of the library. The City currently levies a 2.00 mill tax to support the library. This tax levy is remitted to the library monthly as it is collected.

**B. Government-wide and Fund Financial Statements** – In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 – Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred inflows, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation** – The government-wide financial statements report, using the economic resources measurement focus and the accrual basis of accounting, generally includes the reclassification or elimination of internal activity. However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, tourism taxes, property taxes, franchise taxes, and intergovernmental revenues. In general, revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

Government Accounting Standards Board (GASB) Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Economic Development and Tourism Fund – The fund accounts for activities used for economic development within the area and the promotion of tourism.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

General Bond and Interest Fund – This fund is a debt service fund used to account for the accumulation of resources for the payment of principal, interest, and related costs of general long-term debt.

Baxter Bond Fund – This fund is a debt service fund used to account for the accumulation of resources for the payment of principal, interest, and related costs of bonds issued to finance major capital improvements for Baxter Healthcare Corporation.

Public Improvement Bond Fund - This fund accounts for the proceeds and expenditures of public obligation debt issued by the City. Expenditures are primarily for public works projects.

Economic Development Revolving Fund – This fund accounts for resources in the construction of economic development projects.

Animal Shelter Fund – This fund accounts for activities at the City Animal Shelter.

Airport Improvement Fund – This fund accounts for upgrades and improvements to the City airport.

American Rescue Plan Act – This fund accounts for the proceeds and expenditures of economic stimulus funds provided to speed up the country’s recovery from the economic and health effects caused by the continued impact of COVID-19.

The City reports the following major proprietary funds:

Water & Sewer Fund – This fund accounts for revenues and expenses related to potable water and sanitary sewer services provided to residents of the City.

Internal Service Fund – The fund accounts for the accumulation of amounts used to pay health insurance claims and life insurance premiums for City employees.

The agency fund accounts for the assets held by the City in a fiduciary capacity.

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources (other than for debt service or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**PROPRIETARY FUND TYPES**

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Internal Service Fund – This fund accounts for risk financing activities for medical and life insurance benefits.

**D. Cash and Cash Equivalents** – Cash of all funds, including restricted cash, is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. The City deposits excess funds in financial institutions selected by the board. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts and savings accounts. Cash Equivalents consist of certificates of deposit with an original maturity of three months or less. Cash and cash equivalents are valued at cost which approximates their fair value.

**E. Inventories** – Inventories in the governmental and enterprise funds consist of expendable supplies held for consumption. These inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) basis. The costs of these governmental fund type inventories are recorded as expenditures when purchased.

**F. Capital Assets, Depreciation, and Amortization** – The City’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**G. Long-Term Debt** – The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences.

Long-term debt of governmental funds is not reported in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for long-term debt in the proprietary funds report the liability as it is incurred.

**H. Deferred Outflows/Inflows of Resources** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

Deferred outflows related to pensions – This amount represents the City’s proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 12 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 12 for additional details.

Deferred revenue – interest on capital leases/unavailable revenue – lease payments – When an asset is recorded in the financial statements, but the revenue is not available, the government should report a deferred inflow of resources until the revenue becomes available.

- I. **Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of Mississippi (PERS) and additions to/deductions from PERS’ fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**J. Fund Equity**

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvements of those assets.

Restricted net position - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation or other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - Consists of all other assets not meeting the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

In October 2010 the City of Cleveland, Mississippi adopted GASB No. 54, Fund Balance Reporting and Government Fund Type Definitions.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Alderman through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the Board of Alderman. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**K. Compensated Employee Absences** – Employees can accumulate vacation days and sick days up to a maximum at which point any additional days are lost. Employees are completely vested in vacation days up to the maximum that they can take or be paid for upon termination. Sick days may be taken only for bona fide sickness and are lost upon termination of employment.

**L. Revenues - Exchange and Non-Exchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before they can be recognized.

**M. Risk Management** – The City carries commercial insurance with respect to risks including, but not limited to, property damage and personal injury. Insurance coverage remains relatively constant, and settlement amounts have not exceeded insurance coverage for the current year or the prior three years.

**N. Estimates and Assumptions** – A number of estimates and assumptions relating to the reporting of revenues, expense, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

**O. Property Taxes** – Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. The Bolivar County Tax Collector bills and collects taxes for the City. The

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

millage rate for the City for the 2021 tax roll was 50 mills as: 31.0 mills for the general fund, 15 mills for the debt service fund, 2.00 mills for library maintenance, and 2.00 mills for park maintenance.

**NOTE 2: BUDGET POLICY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to August 1st, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public notice is given of the City’s budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.
- C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and Board of Aldermen.
- D. The budget is formally revised during the year and properly amended by the Mayor and Board of Aldermen.
- E. Budgetary comparisons are employed by management as a management control device during the year for all funds.
- F. Appropriations lapse at the end of each fiscal year. Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the “budget to actual” statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the “budget to actual” statements.

**NOTE 3: PRIOR PERIOD ADJUSTMENTS**

A summary of the significant net position adjustments are as follows:

**Statement of Activities**

Governmental Activities	
To correct claims payable	\$ 71,342
Total Governmental Activities	<u>71,342</u>
Total Statement of Activities	<u><u>\$ 71,342</u></u>

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**NOTE 4: DEPOSITS**

The carrying amount of the City’s total deposits with financial institutions at September 30, 2021 was \$8,612,110 and the bank balance was \$8,775,746. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

**NOTE 5: INTER-FUND TRANSACTIONS AND BALANCES**

The following is a summary of inter-fund balances at September 30, 2021:

**A. Due from/to Other Funds:**

Receivable Fund	Payable Fund	Amount
Economic Development Revolving Fund	Sewer Utility	725,000
Economic Development Revolving Fund	General Obligation Utility Bond Fund	175,000
Total		\$ 900,000

**B. Advances from/to Other Funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 989,000
Economic Development Revolving Fund	Economic Development Tourism	109,623
Economic Development Revolving Fund	Airport Improvement Fund	170,095
Total		\$ 1,268,718

Advances represent amounts due to another fund not expected to be repaid within one year.

**C. Transfers In/Out:**

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	405,000
Baxter Bond Fund	Economic Development Revolving Fund	4,314
Animal Shelter Fund	Sanitation Fund	100,000
Public Improvement Bond Fund	Economic Development Revolving Fund	100,000
Public Improvement Bond Fund	Other Governmental Funds	250,000
Internal Service Fund	General Fund	20,000
Total		\$ 879,314

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources. Transfers and payments within the City are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. The governmental and business-type funds financial statements reflect such transactions as transfers.

**NOTE 6: RECEIVABLES AND UNCOLLECTIBLES**

**Governmental Activities**

In the government-wide financial statements, the receivables and related revenues include all amounts due to the City regardless of when cash is received. In the governmental fund financial statements, the revenues are offset and revenue recognition deferred by the amounts not received within 60 days of fiscal year-end.

Receivables at September 30, 2021 include the following:

**Governmental Activities**

Intergovernmental receivables		
Taxes	\$	866,974
Franchise fee		155,117
Grants		2,187,549
Property taxes		5,461,084
Total Governmental Activities Receivables	\$	<u><u>8,670,724</u></u>

**Business-Type Activities**

Accounts receivable		
Water & Sewer Fund (net of allowance for uncollectibles of \$224,146)	\$	270,563
Sanitation Fund (net of allowance for uncollectibles of \$47,920)		103,025
Mosquito fees		92,304
Intergovernmental receivables		
Grants		336,416
Franchise fee		2,194
Total Business-Type Activities Receivables	\$	<u><u>804,502</u></u>

**NOTE 7: RESTRICTED ASSETS**

Certain assets are restricted for construction funded through long-term debt, federal grants, and debt service. In addition, certain assets are held as deposits and are only potentially available for City use. The bond resolutions have several requirements of the City concerning maintenance and segregations of accounts, as well as the accumulation of certain funds for the protection of the bondholder.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

The following is a summary of restricted assets as of September 30, 2021:

Economic Development and Tourism Fund	\$ 383,071
General Bond and Interest Fund	380,232
Baxter Bond Fund	5,981
Public Improvement Bond Fund	747,304
Economic Development Revolving Fund	1,068,929
Other Governmental Funds	504,689
Total	\$ 3,090,206

**NOTE 8: CAPITAL ASSETS**

The following is a summary of capital assets activity for the year ended September 30, 2021:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance</u>
<b>Governmental Activities</b>	<b>Oct. 1, 2020</b>	<b></b>	<b></b>	<b></b>	<b>Sept. 30, 2021</b>
Non-depreciable capital assets:					
Land	\$ 4,605,367				4,605,367
Construction in progress	5,116,571	5,555,016		(4,848,436)	5,823,151
Total non-depreciable capital assets	9,721,938	5,555,016	-	(4,848,436)	10,428,518
Depreciable capital assets:					
Infrastructure	26,408,728			4,848,436	31,257,164
Buildings & Improvements	13,203,658				13,203,658
Equipment & fixtures	9,122,617	136,418	451,268		8,807,767
Total depreciable capital assets	48,735,003	136,418	451,268	4,848,436	53,268,589
Less accumulated depreciation for:					
Infrastructure	9,546,126	624,482			10,170,608
Buildings & Improvements	6,364,512	422,945			6,787,457
Equipment & fixtures	6,816,164	644,793	346,362		7,114,595
Total accumulated depreciation	22,726,802	1,692,220	346,362	-	24,072,660
Depreciable capital assets, net	26,008,201	(1,555,802)	104,906	4,848,436	29,195,929
Capital assets, net	\$ 35,730,139	3,999,214	104,906	-	39,624,447
<b>Business-Type Activities</b>					
Non-depreciable capital assets:					
Land	\$ 1,259,935				1,259,935
Construction in progress	11,414	306,563			317,977
Total non-depreciable capital assets	1,271,349	306,563	-	-	1,577,912
Depreciable capital assets:					
Infrastructure	40,335,784				40,335,784
Buildings & Improvements	301,983				301,983
Equipment & fixtures	1,270,334	250,848	92,150	(294)	1,428,738
Total depreciable capital assets	41,908,101	250,848	92,150	(294)	42,066,505
Less accumulated depreciation for:					
Infrastructure	25,494,879	629,230			26,124,109
Buildings & Improvements	219,768	6,040			225,808
Equipment & fixtures	968,638	130,451	88,215	(3,272)	1,007,602
Total accumulated depreciation	26,683,285	765,721	88,215	(3,272)	27,357,519
Depreciable capital assets, net	15,224,816	(514,873)	3,935	2,978	14,708,986
Capital assets, net	\$ 16,496,165	(208,310)	3,935	2,978	16,286,898

- Adjustments are to reclassify completed construction in progress to infrastructure and to correct prior year errors in capital assets.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

Depreciation expense was charged to City functions as follows:

<b>Governmental Activities</b>	<u>Amount</u>
General government	\$ 8,341
Public safety	259,593
Public works	781,286
Highway and streets	426,737
Health and sanitation	1,367
Culture and recreation	147,666
Economic Development	<u>67,230</u>
Total governmental activities	<u>\$ 1,692,220</u>
<b>Business-Type Activities</b>	
Water and sewer	<u>\$ 765,721</u>

**NOTE 9: CLAIMS AND JUDGMENTS**

**RISK MANAGEMENT**

The City of Cleveland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City established an internal service fund, the health insurance trust fund, to account for and finance employee medical benefit claims. The plan is funded by transfers from the general fund to cover claims, administrative fees, reinsurance premiums and group life insurance premiums. Administrative fees and reinsurance premiums are billed to the City once a month by the plan administrator. Weekly claim amounts are billed to the City based upon the claims processed by the administrator. The City has purchased a reinsurance policy which pays claims in excess of \$25,000 for an individual participant. Based on current rates and enrollment the City is anticipated to have funds available to pay claims of approximately \$640,000 per year.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). An analysis of claims activities is presented below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2018-2019	\$ 91,877	720,722	760,741	51,858
2019-2020	51,858	805,821	767,710	89,969
2020-2021	89,969	653,173	682,382	60,760

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**NOTE 10: OPERATING LEASES**

**As Lessor:**

The City receives income from property it leases under non-cancellable operating leases. The leased property consists of newly constructed hangars at the airport. The leases began in 2013 and will continue for a period of twenty-five years. Total income from such leases was \$20,744 for the year ended September 30, 2021. The future minimum lease receivable for these leases are as follows:

Year Ending September 30:	Amount
2022	21,274
2023	21,649
2024	15,874
2025	15,349
2026	15,944
2027-2031	82,066
2032-2036	86,915
2037-2041	57,990
2042-2046	47,741
Total	\$ 364,802

**NOTE 11: CAPITAL LEASES**

**As Lessor:**

**Baxter Healthcare Corporation** –The City of Cleveland entered into an agreement with Baxter Healthcare Corporation (Baxter), the Mississippi Major Economic Impact Authority (MMEIA), and the Bolivar County Board of Supervisors. The agreement provides for major capital improvements to Baxter’s manufacturing facilities located within the City of Cleveland. MMEIA was authorized by the Legislature of the State of Mississippi to issue Impact Bonds totaling twenty-four million dollars (\$24,000,000). Of this amount eighteen million dollars (\$18,000,000) was to be loaned directly to Baxter from MMEIA. The remainder of six million dollars (\$6,000,000) was provided in the form of a grant from MMEIA to the City of Cleveland for use in Baxter’s improvements. In addition, the City of Cleveland issued bonds for one million thirty-five thousand dollars (\$1,035,000) and Bolivar County issued bonds for one million thirty-five thousand dollars (\$1,035,000) for the construction project. Baxter executed a lease agreement with the City and County to assist with the repayment of the bonds (\$1,035,000 each) issued by the City and County. The term of the lease is for fifteen years. The first lease payment was due November 1, 2007. The total lease payments are being remitted to the City of Cleveland. The City will pay to the County one-half of each lease payment received to assist with the repayment of the County’s bonds. Lease payments are scheduled for November 1 and May 1 of each year. The payments are varied in amounts over the fifteen-year term. The lessee has the option to purchase the improvements during the lease.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

Minimum lease payments receivable at September 30, 2021 was:

Year Ending September 30:	Principal	Interest	Total
2022	\$ 79,087	22,450	101,537
Total	\$ 79,087	22,450	101,537

**As Lessee:**

The City is obligated for the following capital assets acquired through capital leases as of September 30, 2021:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment (Street Sweeper)	\$ 239,900	
Equipment (Police Vehicles)	94,468	
Equipment (Animal Shelter Van)	24,070	
Equipment (Dodge Durango)	27,610	
Infrastructure (Water meters)		3,357,802
Less: Accumulated depreciation	(255,208)	(859,597)
Leased Property Under Capital Leases	\$ 130,840	2,498,205

The following is a schedule by years of the total payments due as of September 30, 2021:

Year Ending September 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	86,319	5,027	450,739	105,364
2023	65,285	2,330	235,541	42,510
2024	33,046	473	242,594	35,458
2025	3,044	23	249,858	28,194
2026			1,010,943	101,264
2027-2028				
Total	\$ 187,694	7,853	2,189,675	312,790

**NOTE 12: DEFINED BENEFIT PENSION PLAN**

***General Information about the Pension Plan***

Plan Description. The City of Cleveland contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public-school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years of creditable service for employees who became members of PERS before July 1, 2011) plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who become members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2021, PERS members were required to contribute 9.00% of their annual covered salary, the City of Cleveland is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2021 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019, from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the fiscal years ending September 30, 2021, 2020 and 2019 were \$901,714, \$933,122, and \$857,890, respectively, equal to the required contribution for each year.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At September 30, 2021, the City reported a liability of \$11,632,199 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2021 net pension liability was 0.0787 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.0021 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$682,329. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00	4.60
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash	1.00	(1.00)
	<u>100.00</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.55 percent) or 1 - percentage point higher (8.55 percent) than the current rate:

	1% Decrease 6.55%	Discount Rate 7.55%	1% Increase 8.55%
Net Pension Liability	\$ 16,473,928	11,632,199	7,642,238

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

**NOTE 13: LONG-TERM DEBT**

The City’s long-term debt is made up of general obligation bonds, capital leases, and notes payable. General obligation bonds are direct obligations and are backed by the full faith and credit of the City. The City also incurs debt in the form of various notes payable which are to be repaid through daily operations.

The City is subject to a general statutory debt limitation under which no City in the State may incur general obligation bonded indebtedness in the amount which will exceed 15 percent of the assessed value of the taxable property within the City according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water, and sewerage systems, gas and

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

light and power purposes and for construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a City's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a City contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such City.

In arriving at the limitations set forth, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under provisions of Sections 57-1-1 to 57-1-51, Mississippi Code of 1972, Annotated, Revised 1989 and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, Annotated, Revised 1990, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

The margin for additional debt under the above debt limits as of September 30, 2021 is approximately:

<u>15% Limit</u>	<u>20% Limit</u>
\$ 6,765,077	\$ 12,475,103

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

Debt outstanding as of September 30, 2021, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
<b>A. General Obligation Bonds:</b>			
General Obligation	\$ 100,000	6.00-8.50%	11/1/21
Public Improvement	140,000	1.50-2.125%	3/1/22
Public Improvement	285,000	1.50-2.00%	3/1/23
Public Improvement	480,000	2.00-2.60%	3/1/24
Public Improvement	610,000	1.75-2.25%	8/1/25
Public Improvement	1,025,000	2.00%	2/1/26
Public Improvement	1,275,000	2.00-2.50%	3/1/27
Public Improvement	1,050,000	2.50-3.00%	3/1/28
Public Improvement	1,660,000	2.25-3.125%	3/1/29
Public Improvement	1,740,000	1.50-1.75%	3/1/30
Public Improvement	2,000,000	1.00-1.25%	3/1/31
Total General Obligation Bonds	<u>\$ 10,365,000</u>		
<b>B. Capital Leases:</b>			
Street Sweeper	\$ 125,187	3.50%	3/30/24
Police Vehicles	30,849	3.25%	12/1/22
Animal Shelter Van	7,860	3.25%	12/1/22
2021 Dodge Durango	23,798	3.00%	2/25/25
Total Capital Leases	<u>\$ 187,694</u>		
<b>C. Special Obligation Bonds</b>			
Tax Increment Financing	\$ 1,831,685	6.50%	7/1/38
Total Capital Leases	<u>\$ 1,831,685</u>		
<b>Business-Type Activities:</b>			
<b>A. Other Loans</b>			
State of Mississippi (MDEQ #1)	\$ 196,665	1.75%	6/1/23
State of Mississippi (MDEQ #2)	272,625	1.75%	9/1/24
State of Mississippi (MDEQ #3)	309,750	1.75%	1/1/26
State of Mississippi (MDEQ #4)	561,333	2.50%	4/1/27
State of Mississippi (MDEQ #5)	521,236	2.50%	8/25/32
State of Mississippi (MDEQ #6)	5,652,415	1.75%	2/1/38
Total Other Loans	<u>\$ 7,514,024</u>		
<b>B. Capital Leases:</b>			
Siemens Public, Inc.	\$ 2,189,675	2.96%	8/21/28
Total Capital Leases	<u>\$ 2,189,675</u>		
<b>C. Special Obligation Bonds</b>			
Utility Bond	\$ 1,825,000	1.50%	7/1/30
Total Capital Leases	<u>\$ 1,825,000</u>		

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

The annual debt service requirements of long-term debt as of September 30, 2021 are as follows:

**Governmental Activities:**

Year Ending September 30:	General Obligation Bonds		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 1,755,000	185,312	62,106	119,060
2023	1,555,500	150,252	66,143	115,023
2024	1,450,000	120,051	70,442	110,723
2025	1,320,000	92,660	75,021	106,145
2026	1,180,000	66,626	79,897	101,268
2027-2031	3,105,000	98,615	484,473	421,353
2032-2036			663,770	242,053
2037-2039			329,833	32,496
Totals	\$ <u>10,365,500</u>	<u>713,516</u>	<u>1,831,685</u>	<u>1,248,121</u>

**Business-Type Activities:**

Year Ending September 30:	Other Loans		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 721,091	130,312	180,000	26,400
2023	706,124	116,732	185,000	23,700
2024	632,982	104,230	190,000	20,463
2025	2,281,108	373,203	195,000	17,138
2026	1,735,511	204,056	200,000	13,725
2027-2031	1,437,208	49,793	875,000	28,900
2032-2036				
2037-2039				
Totals	\$ <u>7,514,024</u>	<u>978,326</u>	<u>1,825,000</u>	<u>130,326</u>

The following is a summary of changes in long-term debt for the year ended September 30, 2021:

	Balance Oct. 1, 2020	Additions	Reductions	Adjustments	Balance Sept. 30, 2021	Amount due within one year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 10,010,000	2,000,000	1,645,000		10,365,000	1,750,000
Add: bond premium	1,613	1,152			2,765	
Capital leases	240,843	27,610	80,759		187,694	86,319
Special obligation bonds	1,890,000		58,315		1,831,685	62,106
Compensated absences	192,803		15,695		177,108	
Total	\$ <u>12,335,259</u>	<u>2,028,762</u>	<u>1,799,769</u>	<u>-</u>	<u>12,564,252</u>	<u>1,898,425</u>
<b>Business-Type Activities:</b>						
Other Loans	\$ 8,221,749		707,725		7,514,024	721,091
Capital leases	2,189,675				2,189,675	
Special obligation bonds	2,000,000		175,000		1,825,000	180,000
Compensated absences	13,737		2,452		11,285	
Total	\$ <u>12,425,161</u>	<u>-</u>	<u>885,177</u>	<u>-</u>	<u>11,539,984</u>	<u>901,091</u>

The City's General Bond and Interest Fund liquidates the debt on public improvement bonds. The Baxter Bond Fund pays the general obligation indebtedness for the Baxter bond issue. The Tax Increment Financing Fund liquidates the governmental activities special obligation bonds. The Water and Sewer Fund liquidates the

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

business-type activities indebtedness. The compensated absences will be paid from the fund in which the employees' salaries were paid, which are generally the General Fund, Non-Major Governmental Funds, and the Water and Sewer Fund.

Special Assessment Debt with Commitments – During fiscal year 2020, the City of Cleveland issued special assessment bonds totaling \$1,890,000. The debt was issued to provide funds for the construction of the Cotton House Hotel. The bonds are secured by the full faith and credit of the City. The City levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the bonds.

The City has withheld lease payments to Siemens for the capital lease of water meters pending the outcome of the lawsuit against the Lessor for breach of contract and statutory duty. At this time it is unclear as to what the final outcome of this case will be.

**NOTE 14: COMMITMENTS AND CONTINGENCIES**

Federal Grants - The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation – The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

**NOTE 15: EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The governmental activities' unrestricted net position amount of (\$9,106,723) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$190,801 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$1,067,175 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years. The \$3,589,604 balance of the deferred inflow of resources related to pension at September 30, 2021, will be recognized in pension expense over the next four years.

The governmental activities' unrestricted net position amount of (\$9,106,723) includes the effect of deferring the recognition of revenue resulting from capital leases receivable. The \$ 24,009 balance of deferred inflows of resources at September 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next two years.

The business-type activities' unrestricted net position amount of (\$1,455,120) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$10,593 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$66,291 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years. The \$218,590 balance of the deferred inflow of resources related to pension at September 30, 2021, will be recognized in pension expense over the next four years.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**NOTE 16: SOLID WASTE DISPOSAL**

The City has contracted with WastePro to provide residential garbage collection and disposal. The rate is \$24.00 per month per residence. The City adopted the Solid Waste Management Plan on September 27, 1993.

**NOTE 17: SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Cleveland evaluated the activity of the City through July 15, 2022 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the City of Cleveland, Mississippi, has acquired the following debt:

Issue Date	Interest Rate	Issue Amount	Type of Financing
3/1/2022	1.50% -2.00%	\$ 2,000,000	General Obligation Public Improvement Bonds
12/2/2021	3.00%	1,200,000	Tax Increment Financing
6/10/2022	3.00%	238,996	Lease-purchase
3/1/2022	2.25%-3.125%	600,000	General Obligation Utility Bond
10/1/2021 - 8/1/2023	0.80%	8,032,406	Water Pollution Control Revolving Loan Fund

**CITY OF CLEVELAND, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – GENERAL FUND**  
**For the Year Ended September 30, 2021**

	UNAUDITED		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Budgeted Amount			
	Original	Final		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 3,420,769	3,521,214	3,521,214	-
Licenses, Permits & Franchise Fees	494,000	480,170	480,170	-
Grants & Intergovernmental	4,175,000	4,500,220	4,500,220	-
Fines and Forfeits	155,000	140,721	140,721	-
Charges for Services	500,000	1,400,055	1,400,055	-
Miscellaneous Revenues	1,195,301	58,170	58,170	-
Total Revenues	<u>9,940,070</u>	<u>10,100,550</u>	<u>10,100,550</u>	<u>-</u>
<b>EXPENDITURES:</b>				
General Government				
Supervision, Finance, and Other	1,597,263	2,131,034	2,131,034	-
Municipal Court	333,282	325,021	325,021	-
Total general government	<u>1,930,545</u>	<u>2,456,055</u>	<u>2,456,055</u>	<u>-</u>
Public Safety				
Police Department	4,041,400	3,821,211	3,821,211	-
Fire Department	429,846	416,956	416,956	-
Total Public Safety	<u>4,471,246</u>	<u>4,238,167</u>	<u>4,238,167</u>	<u>-</u>
Public Works				
Community Development	595,642	596,590	596,590	-
Cemetery	224,518	197,553	197,553	-
Airport	272,891	267,634	267,634	-
Groundskeeper	228,385	228,212	228,212	-
Shop Department	165,510	155,390	155,390	-
Total Public Works	<u>1,486,946</u>	<u>1,445,379</u>	<u>1,445,379</u>	<u>-</u>
Highways and Streets				
Street Department	2,026,653	1,464,332	1,464,332	-
Total Highways and Streets	<u>2,026,653</u>	<u>1,464,332</u>	<u>1,464,332</u>	<u>-</u>
Health and Sanitation				
Mosquito Control	445,860	445,860	445,860	-
Total Health and Sanitation	<u>445,860</u>	<u>445,860</u>	<u>445,860</u>	<u>-</u>
Total Expenditures	<u>10,361,250</u>	<u>10,049,793</u>	<u>10,049,793</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(421,180)</u>	50,757	50,757	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Administrative fees			-	-
Transfers in	851,403	851,403	851,403	-
Transfers out	(425,000)	(425,000)	(425,000)	-
Total other financing sources (uses)	<u>426,403</u>	<u>426,403</u>	<u>426,403</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 5,223</u>	<u>477,160</u>	<u>477,160</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – ECONOMIC DEVELOPMENT AND TOURISM FUND**  
**For the Year Ended September 30, 2021**

	<b>UNAUDITED</b>		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	<u>Budgeted Amount</u>			
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Tourism taxes	\$ 940,000	1,179,392	1,179,392	-
Donations and gift shop sales		25,000	25,000	-
Miscellaneous revenues	1,500	13,354	13,354	-
Total Revenues	<u>941,500</u>	<u>1,217,746</u>	<u>1,217,746</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Economic Development				
All Departments	798,500	894,961	894,961	-
Railroad Heritage Museum	149,520	133,907	133,907	-
Total Expenditures	<u>948,020</u>	<u>1,028,868</u>	<u>1,028,868</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(6,520)</u>	<u>188,878</u>	<u>188,878</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (6,520)</u>	<u>188,878</u>	<u>188,878</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – GENERAL BOND and INTEREST FUND**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 1,631,017	1,688,188	1,688,188	-
Miscellaneous revenues	6,000	3,082	3,082	-
Total Revenues	<u>1,637,017</u>	<u>1,691,270</u>	<u>1,691,270</u>	<u>-</u>
EXPENDITURES:				
Debt service	1,774,692	1,793,654	1,793,654	-
Total Expenditures	<u>1,774,692</u>	<u>1,793,654</u>	<u>1,793,654</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(137,675)</u>	<u>(102,384)</u>	<u>(102,384)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (137,675)</u>	<u>(102,384)</u>	<u>(102,384)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – BAXTER BOND FUND**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Lease payment	\$ 199,071	199,072	199,072	-
Miscellaneous revenues	525	38	38	-
Total Revenues	<u>199,596</u>	<u>199,110</u>	<u>199,110</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service	<u>203,386</u>	<u>100,850</u>	<u>100,850</u>	<u>-</u>
Total Expenditures	<u>203,386</u>	<u>100,850</u>	<u>100,850</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>\$ (3,790)</u>	<u>98,260</u>	<u>98,260</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,314	4,314	4,314	-
Transfers out	<u>(99,536)</u>	<u>(99,536)</u>	<u>(99,536)</u>	<u>-</u>
Total other financing sources (uses)	<u>4,314</u>	<u>(95,222)</u>	<u>(95,222)</u>	<u>-</u>
Net Change in Fund Balance	<u>524</u>	<u>3,038</u>	<u>3,038</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – PUBLIC IMPROVEMENT BOND FUND**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous revenues	\$ 30,000	10,480	10,480	-
Total Revenues	<u>30,000</u>	<u>10,480</u>	<u>10,480</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Other services and charges				-
Capital outlay	12,534,540	5,001,008	5,001,008	-
Total Expenditures	<u>12,534,540</u>	<u>5,001,008</u>	<u>5,001,008</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(12,504,540)</u>	<u>(4,990,528)</u>	<u>(4,990,528)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	8,394,135	996,115	996,115	-
Bond proceeds	2,000,000	2,005,473	2,005,473	-
Transfers in	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total other financing sources (uses)	<u>10,744,135</u>	<u>3,351,588</u>	<u>3,351,588</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,760,405)</u>	<u>(1,638,940)</u>	<u>(1,638,940)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – ECONOMIC DEVELOPMENT REVOLVING FUND**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	<u>Budgeted Amount</u>		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Miscellaneous revenues	\$ 30,250	13,449	13,449	-
Total Revenues	<u>30,250</u>	<u>13,449</u>	<u>13,449</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Capital Outlay	700,000	-	-	-
Total Expenditures	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(669,750)</u>	<u>13,449</u>	<u>13,449</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	150,000	150,000	150,000	
Transfers (out)	<u>(4,314)</u>	<u>(704,314)</u>	<u>(704,314)</u>	-
Total other financing sources (uses)	<u>145,686</u>	<u>(554,314)</u>	<u>(554,314)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (524,064)</u>	<u>(540,865)</u>	<u>(540,865)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – ANIMAL SHELTER FUND**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 87,500	87,500	87,500	-
Miscellaneous revenues	19,000	21,288	21,288	-
Total Revenues	<u>106,500</u>	<u>108,788</u>	<u>108,788</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Health and sanitation	<u>1,643,367</u>	<u>688,199</u>	<u>688,199</u>	<u>-</u>
Total Expenditures	<u>1,643,367</u>	<u>688,199</u>	<u>688,199</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(1,536,867)</u>	<u>(579,411)</u>	<u>(579,411)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,436,867)</u>	<u>(479,411)</u>	<u>(479,411)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – AIRPORT IMPROVEMENT FUND**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	Budgeted Amount		Actual Non-GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 409,523	41,244	41,244	-
Plant and airport rentals	84,000	41,050	41,050	-
Miscellaneous revenues	8,200	2,320	2,320	-
Total Revenues	<u>501,723</u>	<u>84,614</u>	<u>84,614</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Contractual Services	59,248	12,264	12,264	-
Capital Outlay	350,275	79,150	79,150	-
Total Expenditures	<u>409,523</u>	<u>91,414</u>	<u>91,414</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>92,200</u>	<u>(6,800)</u>	<u>(6,800)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>(150,000)</u>		-	-
Total other financing sources (uses)	<u>(150,000)</u>	-	-	-
Net Change in Fund Balance	<u>\$ (57,800)</u>	<u>(6,800)</u>	<u>(6,800)</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO ACTUAL (NON-GAAP BASIS) – AMERICAN RESCUE PLAN ACT FUND**  
**For the Year Ended September 30, 2021**

	<b>UNAUDITED</b>			
	Budgeted Amount		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$	1,361,122	1,361,122	-
Miscellaneous revenues		3,464	3,464	-
Total Revenues		- <u>1,364,586</u>	<u>1,364,586</u>	<u>-</u>
EXPENDITURES:				
Contractual Services				-
Capital Outlay				-
Total Expenditures		<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures		<u>-</u>	<u>1,364,586</u>	<u>-</u>
Net Change in Fund Balance	\$	<u>-</u>	<u>1,364,586</u>	<u>-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS\***  
**For the Year Ended September 30, 2021**

**UNAUDITED**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0787%	0.0808%	0.0809%	0.0793%	0.0759%	0.0727%	0.0703%
Proportionate share of the net pension liability (asset)	\$ 11,632,204	15,641,938	14,231,903	13,189,946	12,617,158	12,986,035	10,866,994
Covered payroll	\$ 5,182,264	5,380,443	5,271,951	5,066,897	4,868,652	4,652,053	4,390,822
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	224.46%	290.72%	269.96%	260.32%	259.15%	279.15%	247.49%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI  
SCHEDULE OF CITY'S CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*  
For the Year Ended September 30, 2021**

**UNAUDITED**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 901,714	933,122	857,890	800,431	754,743	733,580	701,340
Contributions in relation to the contractually required contribution	<u>901,714</u>	<u>933,122</u>	<u>857,890</u>	<u>800,431</u>	<u>754,743</u>	<u>733,580</u>	<u>701,340</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Covered payroll	\$ 5,182,264	5,362,767	5,319,055	5,082,108	4,792,014	4,657,646	4,452,949
Contributions as a percentage of covered payroll	17.40%	17.40%	16.13%	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contributions rate of 15.75% and the current contribution rate of 17.40%.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

**BUDGETARY COMPARISON SCHEDULES**

**A. Budgetary Information.**

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Clerk or Chief Administrative Officer prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the City Council that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

**D. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

**E. Budget/GAAP Reconciliation.**

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

<u>Governmental Fund Type</u>	<u>General Fund</u>	<u>Economic Development and Tourism</u>	<u>General Bond and Interest Fund</u>	<u>Baxter Bond Fund</u>	<u>Public Improvement Bond Fund</u>	<u>Economic Development Revolving Fund</u>	<u>Animal Shelter Fund</u>	<u>Airport Improvement Fund</u>	<u>American Rescue Plan Fund</u>
Budget (Cash Basis)	\$ 477,160	188,878	(102,384)	3,038	(1,638,940)	(540,865)	(479,411)	(6,800)	1,364,586
Increase (Decrease)									
Net adjustments for revenue accruals	624,869	(115,824)	34,570		1,316,307	600,000	4,380	41,444	(1,361,122)
Net adjustments for expenditure accruals	(627,995)	1,208	3		778,201	(150,000)	(13,923)	(231,289)	
Net Change in Fund Balance - GAAP Basis	\$ <u>474,034</u>	<u>74,262</u>	<u>(67,811)</u>	<u>3,038</u>	<u>455,568</u>	<u>(90,865)</u>	<u>(488,954)</u>	<u>(196,645)</u>	<u>3,464</u>

**F. Excess of Actual Expenditures over Budget in Individual Funds.**

No funds with actual expenditures over budgeted amounts were identified.

**G. Unbudgeted Funds.**

There were no unbudgeted funds for the fiscal year ended September 30, 2021.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

**Pension Schedules**

**A. Changes of assumptions.**

**2015**

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

**2016**

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

**2017**

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

**2019**

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
- For females, 84% of female rates up to age 72, 100% for ages above 76.  
Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

**B. Changes in benefit provisions.**

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**CITY OF CLEVELAND, MISSISSIPPI**

**SUPPLEMENTARY INFORMATION**

**CITY OF CLEVELAND, MISSISSIPPI**  
**SCHEDULE of EXPENDITURES of FEDERAL AWARDS**  
**For the Year Ended September 30, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<b>Highway Planning and Construction Cluster</b>		
Department of Transportation		
Highway Planning and Construction	20.205	695,270
Total Highway Planning and Construction		695,270
<i>Total Department of Transportation</i>		695,270
<b>Total Highway Planning and Construction Cluster</b>		695,270
<b>Other Programs</b>		
Department of Homeland Security		
Hazard Mitigation Grant	97.039	1,164,918
Total Hazard Mitigation Grant		1,164,918
<i>Total Department of Homeland Security</i>		1,164,918
Department of the Interior		
Outdoor Recreation Acquisition, Development and Planning	15.916	364,746
Total Outdoor Recreation Acquisition, Development and Planning		364,746
<i>Total Department of the Interior</i>		364,746
Department of Transportation		
Airport Improvement Program and COVID-19 Airports Programs	20.106	398,877
Total Airport Improvement Program and COVID-19 Airports Programs		398,877
<i>Total Department of Transportation</i>		398,877
Department of Housing and Urban Development		
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	554,378
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		554,378
<i>Total Department of Housing and Urban Development</i>		554,378
Various Agencies – 2		
States' Economic Development Assistance Program	90.204	324,043
Total States' Economic Development Assistance Program		324,043
<i>Total Various Agencies – 2</i>		324,043
<b>Total Other Programs</b>		2,806,962
<b>Total Expenditures of Federal Awards</b>		\$ 3,502,232

The notes to the Supplementary Information are an integral part of this schedule.

**CITY OF CLEVELAND, MISSISSIPPI**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2021**

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Greenville under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

# **CITY OF CLEVELAND, MISSISSIPPI**

## **OTHER INFORMATION**

**CITY OF CLEVELAND, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS**  
**For the Year Ended September 30, 2021**

**UNAUDITED**

Name	Position	Bond Amount	Expiration Date	Surety Company
William B. Nowell	Mayor	100,000	7/1/2025	Western
Maurice Smith	Alderman Ward 1	100,000	7/1/2021	Western
Zinnia Howze-Wince	Alderman Ward 1	100,000	7/1/2025	Travelers
Robert Sanders	Alderman Ward 2	100,000	7/1/2025	Western
Danny Abraham	Alderman Ward 3	100,000	7/7/2025	FCCI
Kirkham Povall	Alderman Ward 4	100,000	7/1/2025	Western
James Paul Janoush	Alderman Ward 5	100,000	7/1/2021	FCCI
Brian Bishop	Alderman Ward 5	100,000	7/1/2025	Western
Theodore R. Campbell	Alderman Ward 6	100,000	7/1/2021	FCCI
Gary Gainspoletti	Alderman-At-Large	100,000	7/1/2025	FCCI
Dominique Green	City Clerk	50,000	9/23/2022	FCCI
Linda Brown	Deputy City Clerk	50,000	10/1/2021	Travelers
Betha Watson	Deputy City Clerk	50,000	7/18/2022	Travelers
Michelle Arbuckle	Deputy City Clerk	50,000	11/8/2021	FCCI
Michele Lucas	Municipal Court Clerk	50,000	Indefinite	Travelers
Jodie W. Felton	Municipal Court Deputy Clerk	50,000	7/1/2022	FCCI
Charles Bingham	Chief of Police	50,000	10/10/2021	FCCI
Marilyn D. Cox	Water Department Manager	50,000	8/18/2022	Travelers
Jeffrey Clint Johnson	Airport Director	50,000	8/18/2022	FCCI
Jason Woods	Parks & Recreation Director	50,000	5/21/2022	Travelers
Greg Jackson	Fire Inspector	50,000	6/9/2022	FCCI
Kenneth Taylor	Community Development Director	50,000	2/2/2022	FCCI
Lisa Miller	Railroad Museum Director	50,000	2/27/2022	FCCI
Anna Sledge	Railroad Museum Director	50,000	Indefinite	Travelers
Jamie Gregory-Grant	Animal Shelter Director	50,000	3/16/2022	Western
Raphael Bell	Public Works Director	50,000	3/31/2022	FCCI

**CITY OF CLEVELAND, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the Year Ended September 30, 2021**  
**UNAUDITED**

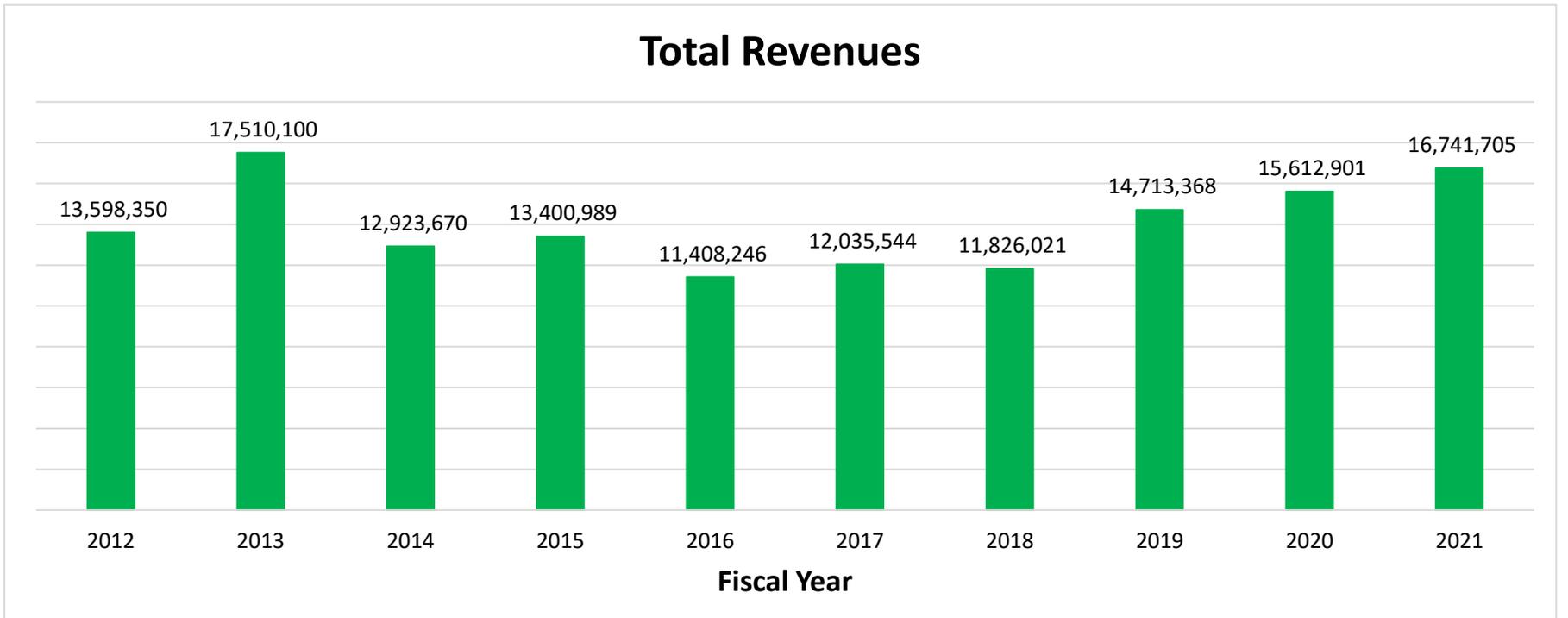
Description	Issue Date	Balance 09/30/20	Issued	Paid	Balance 09/30/21	Amount Due	
						2022	Remaining Years
<b>General Obligation Bonds</b>							
General Obligation	03/01/07	\$ 195,000		95,000	100,000	100,000	
Public Improvement	05/01/11	115,000		115,000			
Public Improvement	01/26/12	280,000		140,000	140,000	140,000	
Public Improvement	04/15/13	415,000		130,000	285,000	140,000	145,000
Public Improvement	04/15/14	630,000		150,000	480,000	155,000	325,000
Public Improvement	08/01/15	755,000		145,000	610,000	145,000	465,000
Public Improvement	02/01/16	1,215,000		190,000	1,025,000	195,000	830,000
Public Improvement	03/02/17	1,470,000		195,000	1,275,000	195,000	1,080,000
Public Improvement	02/06/18	1,200,000		150,000	1,050,000	150,000	900,000
Public Improvement	03/01/19	1,835,000		175,000	1,660,000	180,000	1,480,000
Public Improvement	03/01/20	1,900,000		160,000	1,740,000	170,000	1,570,000
Public Improvement	03/01/21		2,000,000		2,000,000	180,000	1,820,000
Total General Obligation Bonds		<u>10,010,000</u>	<u>2,000,000</u>	<u>1,645,000</u>	<u>10,365,000</u>	<u>1,750,000</u>	<u>8,615,000</u>
<b>Special Obligation Bonds</b>							
Utility Bond	07/01/20	2,000,000		175,000	1,825,000	180,000	1,645,000
Tax Increment Financing	06/19/20	1,890,000		58,315	1,831,685	62,106	1,769,579
Total Special Obligation Bonds		<u>3,890,000</u>	<u>-</u>	<u>233,315</u>	<u>3,656,685</u>	<u>242,106</u>	<u>3,414,579</u>
<b>Other Loans</b>							
State of Mississippi (MDEQ #1)	08/01/03	306,372		109,707	196,665	111,642	85,023
State of Mississippi (MDEQ #2)	09/25/03	360,367		87,742	272,625	89,290	183,335
State of Mississippi (MDEQ #3)	04/21/06	377,502		67,751	309,751	69,119	240,632
State of Mississippi (MDEQ #4)	10/14/05	653,864		92,531	561,333	94,871	466,462
State of Mississippi (MDEQ #5)	08/25/06	584,955		63,719	521,236	64,843	456,393
State of Mississippi (MDEQ #6)	02/10/17	5,938,689		286,275	5,652,414	291,325	5,361,089
Total Other Loans		<u>8,221,749</u>	<u>-</u>	<u>707,725</u>	<u>7,514,024</u>	<u>721,090</u>	<u>6,792,934</u>
<b>Capital Leases</b>							
Street Sweeper	12/01/18	172,278		47,091	125,187	48,766	76,421
Police Vehicles	12/01/18	54,642		23,794	30,848	24,579	6,269
Animal Shelter Van	12/01/18	13,923		6,062	7,861	6,263	1,598
Dodge Durango	02/05/21	-	27,610	3,812	23,798	6,711	17,087
Siemens Public, Inc.	09/21/12	2,189,675			2,189,675		2,189,675
Total Capital Leases		<u>2,430,518</u>	<u>27,610</u>	<u>80,759</u>	<u>2,377,369</u>	<u>86,319</u>	<u>2,291,050</u>
<b>Other</b>							
Compensated Absences		<u>206,540</u>		<u>18,147</u>	<u>188,393</u>		
<b>Total Long Term Debt</b>		<u>\$ 24,758,807</u>	<u>2,027,610</u>	<u>2,684,946</u>	<u>24,101,471</u>	<u>2,799,515</u>	<u>21,113,563</u>

# **CITY OF CLEVELAND, MISSISSIPPI**

## **STATISTICAL INFORMATION**

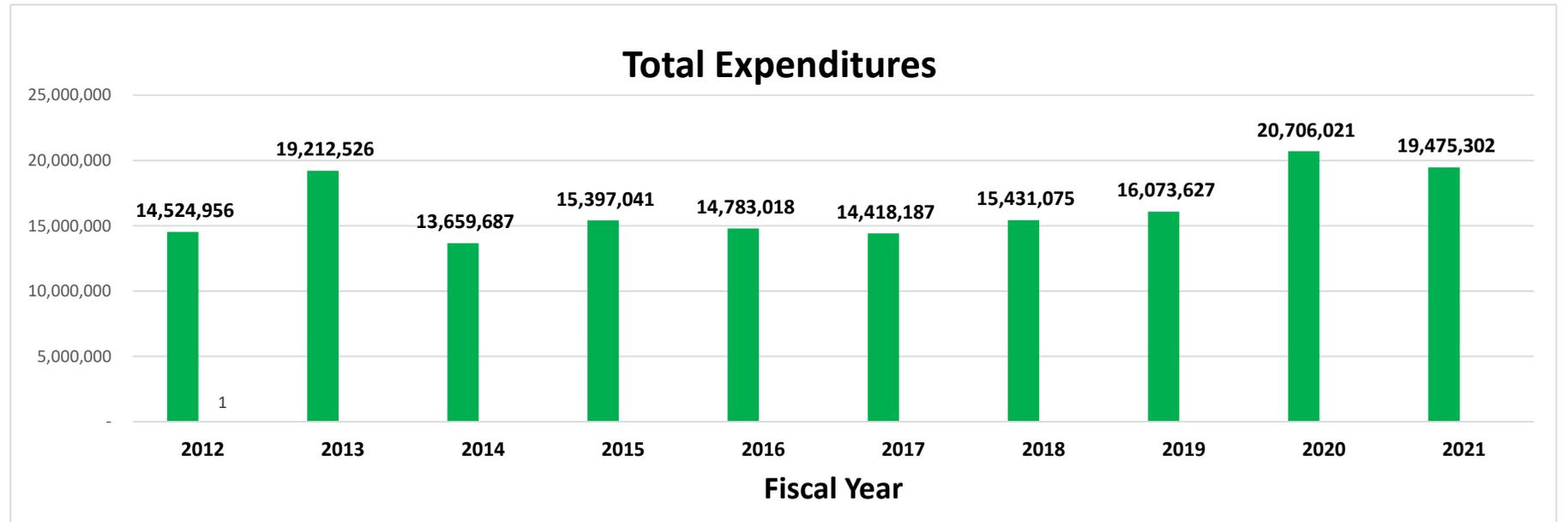
**CITY OF CLEVELAND, MISSISSIPPI  
GOVERNMENTAL REVENUES BY SOURCE  
Last Ten Fiscal Years  
UNAUDITED**

Fiscal Year	Taxes	Fines, Fees, Licenses & Permits	Intergovernmental	Charges for Services	Miscellaneous Operating	Miscellaneous Non-Operating	Total Revenues
2012	3,476,266	753,102	6,415,166	1,922,129	45,755	985,932	13,598,350
2013	3,639,795	787,222	10,361,838	2,077,427	63,957	579,861	17,510,100
2014	3,616,307	851,674	5,470,529	2,071,062	65,761	848,337	12,923,670
2015	3,776,839	699,309	6,095,298	2,072,728	71,447	685,368	13,400,989
2016	3,831,742	617,105	5,737,746	835,082	77,200	309,371	11,408,246
2017	4,237,451	618,293	5,998,010	818,452	75,830	287,508	12,035,544
2018	4,202,827	649,618	5,721,089	830,251	71,544	350,692	11,826,021
2019	4,803,213	593,345	6,408,369	892,468	74,551	1,941,422	14,713,368
2020	5,155,750	547,247	8,504,651	758,566	74,240	572,447	15,612,901
2021	5,398,522	765,255	9,041,119	787,571	72,312	676,926	16,741,705
Total	\$ 36,740,190	6,116,915	60,712,696	12,278,165	620,285	6,560,938	123,029,189



**CITY OF CLEVELAND, MISSISSIPPI**  
**GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**Last Ten Fiscal Years**  
**UNAUDITED**

Fiscal Year	General Government	Public Safety	Public Works	Highways and Streets	Health and Sanitation	Culture and Recreation	Economic Development	Capital Projects	Debt Service	Total Expenditures
2012	1,181,600	4,601,551	1,156,836	1,675,949	1,551,409	961,954	789,551	1,259,822	1,346,284	14,524,956
2013	1,321,087	4,304,466	1,022,361	2,242,434	1,580,199	883,663	578,485	5,922,445	1,357,386	19,212,526
2014	1,359,258	4,500,937	1,275,236	1,186,603	1,570,646	839,559	735,750	797,409	1,394,289	13,659,687
2015	1,412,720	4,136,760	1,326,127	1,603,993	1,580,391	786,258	2,345,934	817,882	1,386,976	15,397,041
2016	1,933,730	4,558,367	3,014,995	1,236,959	650,108	808,905	1,153,562	34,915	1,391,477	14,783,018
2017	1,808,925	4,786,186	979,040	1,344,687	609,391	882,943	1,188,420	1,344,154	1,474,441	14,418,187
2018	1,858,766	4,354,336	1,313,977	1,850,292	583,445	746,230	1,053,372	2,124,948	1,545,709	15,431,075
2019	1,933,286	4,271,589	2,053,517	1,752,190	763,852	981,332	1,391,716	1,756,797	1,169,348	16,073,627
2020	1,969,420	4,328,654	1,529,653	1,500,891	766,236	972,392	2,890,974	4,827,893	1,919,908	20,706,021
2021	3,032,476	4,990,001	3,410,359	2,054,364	446,405	1,773,684	1,634,358		2,133,655	19,475,302
<b>Total</b>	<b>\$ 17,811,268</b>	<b>44,832,847</b>	<b>17,082,101</b>	<b>16,448,362</b>	<b>10,102,082</b>	<b>9,636,920</b>	<b>13,762,122</b>	<b>18,886,265</b>	<b>12,985,818</b>	<b>91,995,415</b>



**CITY OF CLEVELAND, MISSISSIPPI  
COMPUTATION OF LEGAL DEBT MARGIN  
For the Year Ended September 30, 2021**

**UNAUDITED**

<u>Description</u>	<u>Total Outstanding G/O Debt</u>	<u>Bonds/Notes Subject To 15% Limitation</u>	<u>Bonds/Notes Subject To 20% Limitation</u>
<b><u>OUTSTANDING GENERAL OBLIGATION DEBT:</u></b>			
General Obligation	\$ 100,000	100,000	100,000
Public Improvement	140,000	140,000	140,000
Public Improvement	285,000	285,000	285,000
Public Improvement	480,000	480,000	480,000
Public Improvement	610,000	610,000	610,000
Public Improvement	1,025,000	1,025,000	1,025,000
Public Improvement	1,275,000	1,275,000	1,275,000
Public Improvement	1,050,000	1,050,000	1,050,000
Public Improvement	1,660,000	1,660,000	1,660,000
Public Improvement	1,740,000	1,740,000	1,740,000
Public Improvement	2,000,000	2,000,000	2,000,000
Total Outstanding General Obligation Debt	<u>\$ 10,365,000</u>	<u>10,365,000</u>	<u>10,365,000</u>
<b><u>AUTHORIZED DEBT LIMIT:</u></b>			
Assessed Value for the fiscal year ended September 30, 2021	\$ 114,200,515	\$ 17,130,077	22,840,103
Present Debt (Subject to 15% and 20% Limitation, respectively)		<u>10,365,000</u>	<u>10,365,000</u>
Margin for Further Indebtedness (Under 15% and 20% Limitation, respectively)		<u>\$ 6,765,077</u>	<u>12,475,103</u>

**LIMITATION OF INDEBTEDNESS - SECTION 21-33-303 AS AMENDED**

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%) of the assessed value of taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes and for the construction of special improvements primarily chargeable to the property that benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-5.

# **CITY OF CLEVELAND, MISSISSIPPI**

## **SPECIAL REPORTS**

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PRIVATE COMPANIES PRACTICE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Board of Aldermen  
City of Cleveland  
Cleveland, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 15, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Cleveland, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cleveland, Mississippi's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cleveland, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City of Cleveland, Mississippi, in the Independent Auditor's Report on Compliance with State Laws and Regulations and the Limited Internal Control and Compliance Review Management Report dated July 15, 2022, included within this document.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

July 15, 2022



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Honorable Mayor and Board of Aldermen  
City of Cleveland  
Cleveland, Mississippi

### Report on Compliance for the Major Federal Program

We have audited the City of Cleveland, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Cleveland, Mississippi's major federal program for the year ended September 30, 2021. The City of Cleveland, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City of Cleveland, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cleveland, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Cleveland, Mississippi's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the City of Cleveland, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the City of Cleveland, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Cleveland, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
July 15, 2022



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen  
City of Cleveland  
Cleveland, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Mississippi, as of and for the fiscal year ended September 30, 2021, which collectively comprise the City of Cleveland, Mississippi's basic financial statements and have issued our report thereon dated July 15, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on the City's compliance with these requirements was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general-purpose financial statements disclosed the following instances of noncompliance with state laws and regulations.

<b>2021-001.</b>	<u>Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....</i>  4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

(a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or

(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.

*[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]*

(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:

(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or

(ii) Elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation. In order to receive compensation as allowed in this subparagraph, the retiree shall file annually, in writing, in the office of the employer and the office of the executive director of the system, an election to receive, in addition to a retirement allowance, compensation as allowed in this subparagraph. *[Note: This notice is provided on PERS Form 9C and must be executed annually and sent to PERS]*

(b) The municipality or county in which the retired person holds elective office shall pay to the board the amount of the employer's contributions on the full amount of the regular compensation for the elective office that the retired person holds.

## Condition

During the course of our audit, we noted the following:

- Two out of three PERS forms were executed improperly
- Retiree wages were not being reported to PERS appropriately

**Cause** The City did not comply with Section 25-11-127, Mississippi Code Annotated (1972) in that it failed to ensure proper execution of required documents, and proper reporting of wages to PERS.

**Effect** The failure to comply with the reemployment conditions as reported in the statutes and on PERS Forms 4B and 9C could jeopardize the provisions for reemployment.

**Recommendation** The City should accurately complete and file PERS Forms 4Bs and 9Cs for all re-hired retirees and/or retired officials and ensure that the statutory conditions for reemployment are met including the proper reporting of wages to PERS.

**Response** We have adjusted our internal policy to ensure timely reporting of Forms 4B and 9C in January. In addition, we have implemented a review process internally to ensure the forms are completed for accuracy before submission to PERS. In addition, we recently corrected the reporting of retiree wages for the impacted elected officials. Therefore, we are confident this issue has been resolved.

**2021-002** Public Officials should ensure compliance with state law over surety bonding requirements.

**Repeat Finding** No

**Criteria** *Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."*

*Section 21-15-23, Mississippi Code Annotated (1972), states, "Every deputy city clerk, before entering upon the duties of his office, shall take and subscribe the same oath required of the city clerk. The appointment of said deputy city clerk, with the certificate of the oath, shall be filed and preserved in the office of the clerk of the governing authorities of such city. Such deputy city clerk shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the governing authority (which shall be not less than Fifty Thousand Dollars (\$50,000.00))."*

*Section 21-15-38, Mississippi Code Annotated (1972), states, "Before any person appointed to the position of municipal clerk, city manager, municipal administrator or municipal chief administrative officer enters upon the discharge of his duties, he shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in an amount to be determined by the municipal governing authority (which shall not be less than Fifty Thousand Dollars (\$50,000.00))."*

**Condition** During the course of our testing we noted the following instances of non-compliance:

- Nine (9) instances of individuals with a continuation certificate only
- Two (2) instances of individuals with indefinite bonds

**Cause** Public Officials have insufficient control over the requirements for bonding officials and employees.

**Effect** Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.

<b>Recommendation</b>	We recommend the City implement procedures to ensure that City officials' and employees' bonds meet the requirements of State Laws.
<b>Response</b>	We have contacted our insurance provider to alert them of this finding. In addition we have requested they no longer send continuation certificates upon renewal. In addition, we will institute a semi-annual internal review of our surety bonds to ensure compliance.
<b>2021-003</b>	<u>Public Officials Should Ensure Compliance over its Adopted Central Purchasing System</u>
<b>Repeat Finding</b>	Yes, 2020-002
<b>Criteria</b>	The City is responsible for establishing and maintaining an effective system of internal control over purchases. An effective system would include a purchase requisition, purchase order and an invoice in chronological order.
<b>Condition</b>	During the course of our audit we noted the following instances: <ul style="list-style-type: none"> <li>• Eight (8) instances where the invoice was dated prior to the purchasing documents</li> <li>• Four (4) requisitions were not dated</li> </ul>
<b>Cause</b>	Purchases were made prior to the filing and approval of the necessary purchase requisitions and purchase orders.
<b>Effect</b>	A lack of controls over purchasing could result in the misappropriation of public funds.
<b>Recommendation</b>	The City should ensure compliance with its adopted purchasing system by verifying that all appropriate purchase documents have been properly completed before any purchases are made by any departments or employees.
<b>Response</b>	We adjusted the Purchasing Order process to ensure purchases are not made prior to the approval of the purchase requisition and purchase order of August 2021. We are confident that we have resolved this issue s[specifically during the course of the FYE 2022 fiscal year.

This report is intended for the information and use of management, City Council, State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

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Vicksburg, Mississippi

July 15, 2022

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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and Board of Aldermen  
City of Cleveland  
Cleveland, Mississippi

In planning and performing our audit of the financial statements of the City of Cleveland, Mississippi for the year ended September 30, 2021, we considered the City of Cleveland, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Cleveland, Mississippi's financial reporting, we have performed some additional limited internal control and compliance tests. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 15, 2022 on the financial statements of the City of Cleveland, Mississippi.

The results of those tests disclosed the following issue:

**2021-001.** Public Officials Should Establish and Maintain an Effective System of Internal Control over Cash and Safeguarding of Assets and Revenues.

**Repeat Finding** Yes, 2020-001

**Criteria** The City is responsible for establishing and maintaining an effective system of internal control over the handling of cash. An effective system would include the proper bonding of all personnel handling cash. Further, an effective system would include a formalized close out and daily check-up policy to verify all receipts and compare it against the amounts collected. Collections should then be promptly deposited and recorded.

**Condition** During the course of our audit we noted the following instances:

- Non-bonded personnel who were not employed by the City were assisting with the receipting and handling of money at the Railroad Museum
- There was no defined or routine close-out process for the Railroad Museum's collections and deposits were being made haphazardly

<b>Cause</b>	Persons not employed by the City and not properly bonded were handling cash at the museum. Further the lack of a formalized close-out and check-up process lead to increased risk due to its haphazard nature and timing.
<b>Effect</b>	A lack of internal controls over cash and the collection of revenues could result in the misappropriation of public funds.
<b>Recommendation</b>	The City should establish an effective system of internal control over cash and safeguarding of assets and revenues by only allowing bonded City employees to handle the collection of cash. Further, it is recommended that the City take steps to establish a formal and systematic process for closing out and checking up in departments that handle cash.
<b>Response</b>	We implemented a PPS system for the Railroad Museum in January 2022. This system will aid in strengthening the internal controls over cash in this department, to include a monthly close out process consistent with our process in City Hall. In addition, we bonded each train engineer in March 2022 accordingly.

These procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses.

**Purpose of this Report**

This report is intended solely for the information and use of management, the City Council, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

*Bridgers, Goodman, Baird & Clarke, PLLC*

Bridgers, Goodman, Baird & Clarke, PLLC  
 Certified Public Accountants  
 Vicksburg, Mississippi

July 15, 2022

**CITY OF CLEVELAND, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CITY OF CLEVELAND, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2021**

**Section 1: Summary of Auditor's Results**

Financial Statements:

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified    |
| 2. | Internal control over financial reporting:                   |               |
|    | a. Material weakness identified?                             | No            |
|    | b. Significant deficiency identified?                        | None Reported |
| 3. | Noncompliance material to the financial statements noted?    | No            |

**Federal Awards:**

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major federal programs:  |               |
|    | a. Material weakness identified?   | No            |
|    | b. Significant deficiency identified?  | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs:                          | Unmodified    |
| 6. | Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200.516(a)? | No            |
| 7. | Identification of major federal program:<br><br>CFDA# 97.039, Hazard Mitigation Grant              |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                       | \$750,000     |
| 9. | Auditee qualified as low risk auditee?   | No            |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

**Section 3: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings and questioned costs related to federal awards.